

**AUDUBON TRACE
CONDOMINIUM
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

**Year Ended
June 30, 2022**

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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, 2022, and the related Statement of Revenues, Expenses, and Changes in Fund Balances, 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, 2022, 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 departures from U.S. GAAP.

As discussed in Note A(2)(f), U.S. GAAP require that benefits from certain income tax attributes, anticipated to arise in subsequent accounting periods, give rise to capitalized deferred tax assets. The Association's Management has informed us that the Association does not report deferred tax assets on its Balance Sheet, primarily for cost-benefit considerations. The precise effect of this departure from U.S. GAAP on the accompanying financial statements has not been determined.

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
November 28, 2023

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
June 30, 2022

	<u>Operating Fund</u>	<u>Replacement & Reserve Fund</u>	<u>Operating & Reserve Funds</u>
ASSETS			
Cash	\$ 267,414	\$ 1,071,150	\$ 1,338,564
Dues receivable	22,874	-	22,874
Dues receivable - Hurricane Ida special assessment	41,288	-	41,288
Dues receivable - lien'd units	22,609	-	22,609
Prepaid insurance	245,011	-	245,011
Property & equipment, net of accumulated depreciation	<u>1,195</u>	<u>-</u>	<u>1,195</u>
TOTAL ASSETS	<u><u>\$ 600,391</u></u>	<u><u>\$ 1,071,150</u></u>	<u><u>\$ 1,671,541</u></u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,050	\$ -	\$ 2,050
Advance unearned assessments	<u>33,567</u>	<u>-</u>	<u>33,567</u>
TOTAL LIABILITIES	<u>35,617</u>	<u>-</u>	<u>35,617</u>
 FUND BALANCES	 <u>564,774</u>	 <u>1,071,150</u>	 <u>1,635,924</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 600,391</u></u>	<u><u>\$ 1,071,150</u></u>	<u><u>\$ 1,671,541</u></u>

See accompanying notes and independent auditor's report.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Operating Fund		Replacement & Reserve Fund	Operating & Reserve Funds	
	\$	%		\$	%
REVENUES					
Owners' dues	\$ 1,088,170	40.7 %	\$ 175,000	\$ 1,263,170	44.4 %
Interest income	383	-	-	383	-
Other income	26,810	1.0	-	26,810	1.0
Hurricane Ida special assessment	1,187,205	44.5	-	1,187,205	41.7
Hurricane Ida insurance proceeds	368,097	13.8	-	368,097	12.9
TOTAL REVENUES	2,670,665	100.0	175,000	2,845,665	100.0
EXPENSES					
Wages & payroll taxes	291,491	10.9	-	291,491	10.2
Employee benefits	88,259	3.3	-	88,259	3.1
Administrative	37,704	1.4	-	37,704	1.3
Payroll processing	1,800	0.1	-	1,800	0.1
Insurance	363,884	13.6	-	363,884	12.8
Legal & professional	22,075	0.8	-	22,075	0.8
Repairs & maintenance:					
Building	52,081	2.0	62,349	114,430	4.0
Grounds	125,031	4.7	-	125,031	4.4
Hurricane Ida-related	1,346,049	50.4	-	1,346,049	47.3
Pool	19,528	0.7	-	19,528	0.7
Utilities	92,579	3.5	-	92,579	3.3
Depreciation	7,570	0.3	-	7,570	0.3
Automotive	3,208	0.1	-	3,208	0.1
Bad debts	1,184	-	-	1,184	-
TOTAL EXPENSES	2,452,443	91.8	62,349	2,514,792	88.4
SURPLUS BEFORE INCOME TAXES	218,222	8.2	112,651	330,873	11.6
LESS: PROVISION FOR INCOME TAXES	-	-	-	-	-
NET SURPLUS	218,222	8.2 %	112,651	330,873	11.6 %
INTERFUND TRANSFERS	46,573		(46,573)	-	
BEGINNING FUND BALANCES	299,979		1,005,072	1,305,051	
ENDING FUND BALANCES	\$ 564,774		\$ 1,071,150	\$ 1,635,924	

See accompanying notes and independent auditor's report.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Operating Fund	Replacement & Reserve Fund	Operating & Reserve Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus	\$ 218,222	\$ 112,651	\$ 330,873
Adjustments to reconcile net surplus to net cash provided by operating activities:			
Depreciation	7,570	-	7,570
(Increase)/decrease in the following assets:			
Dues receivable	(86,771)	-	(86,771)
Prepaid insurance	(49,704)	-	(49,704)
(Decrease)/increase in the following liabilities:			
Accounts payable	(3,950)	-	(3,950)
Advance unearned assessments	7,909	-	7,909
NET CASH PROVIDED BY OPERATIONS	93,276	112,651	205,927
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(5,609)	-	(5,609)
NET CASH (USED) BY INVESTING ACTIVITIES	(5,609)	-	(5,609)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	46,573	(46,573)	-
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	46,573	(46,573)	-
NET INCREASE IN CASH	134,240	66,078	200,318
CASH AND CASH EQUIVALENTS - JULY 1, 2021	133,174	1,005,072	1,138,246
CASH AND CASH EQUIVALENTS - JUNE 30, 2022	\$ 267,414	\$ 1,071,150	\$ 1,338,564
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for corporate income taxes	\$ -	\$ -	\$ -

See accompanying notes and independent auditor's report.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 departures discussed in Notes (A)(2)(e) and A(2)(f) 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 Law¹ 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.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 on their account. 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 designated portion to fund 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.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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, 2022:

Building & Improvements	\$ 62,511
Equipment	<u>22,775</u>
	85,286
Less: Accumulated Depreciation	<u>(84,091)</u>
Total	<u>\$ 1,195</u>

Depreciation expense for the year ended June 30, 2022, was \$7,570.

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 to make a valid IRC Sec. 528 election for the year ended June 30, 2022, and accordingly was taxed as a "Homeowners Association." Due to certain credits, there is no current year provision for Federal or Louisiana corporate income tax.

The Association has certain net operating loss and general business tax credit carryforwards, which will shelter future years' income from taxation. U.S. GAAP require that the related "deferred tax assets" be capitalized as an asset. The Association has not attempted to quantify, nor does it report, its deferred tax assets.

There are no uncertain tax positions as of and for the year ended June 30, 2022.

The Association is not subject to tax examinations prior to the year ended June 30, 2019.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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.

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, 2022, the Association’s maximum loss from that risk because its deposits were above the Federal Deposit Insurance Corporation (FDIC) threshold would have been \$1,088,562. Of this amount, \$1,000,413 was held temporarily in money market funds, which generally invest in highly liquid short-term corporate commercial paper and U.S. Treasury instruments. During early August 2022, the Association deployed its money market funds among several different banks’ certificates of deposit, thus eliminating the exposure thereon altogether.

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.

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 Session, Part II-A, “Louisiana Corporation Income Tax.”

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... .”

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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. If additional funds are required to meet future major repair and replacement needs, the Association can increase regular dues, levy special dues, seek debt financing, or delay major repairs and replacements until funds become adequate.

NOTE D – CONTINGENCIES

As of November 28, 2023, the Association -

- Is involved in certain litigation concerning ongoing forced collection matters with respect to certain owners whose delinquent dues had put their accounts in “lien status” (see Note A(2)(d) above) as of June 30, 2022.
- Has settled a lawsuit that a former Board member had initiated during February 2022 concerning certain governance practices, policies, and procedures.
- Has collected 99% of the \$1,185,000 special dues levied in connection with damages sustained in Hurricane Ida.
- Is conducting an ongoing restoration project and insurance claim applicable to a four-unit building that sustained significant fire damage during November 2022. Insurance should cover all restoration costs less the deductible.

The Association did not accrue an applicable contingent liability for any of these matters.

The Association carries 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.

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE E – SUBSEQUENT EVENTS

As of and through November 28, 2023 (which is the date that the financial statements were available to be issued), no events have occurred subsequent to June 30, 2022 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 contingencies.

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LABI SMALL BUSINESS COUNCIL
**ASSOCIATE CONSULTANT

October 21, 2023

Tim Munch, General Manager/Property Manager
Audubon Trace Condominium Association, Inc.
4117 South Drive
Jefferson, LA 70121

Re: Engagement Letter (Contract for Professional Auditing Services)
June 30, 2022 Audited Financial Statements

Dear Tim,

We are pleased to confirm our mutual understanding of the professional auditing and income tax return preparation services we presently expect to render on behalf of the Audubon Trace Condominium Association, Inc. for the fiscal year ended June 30, 2022

Audit Scope and Objectives

We will audit the financial statements of the Audubon Trace Condominium Association, Inc., which comprise the Balance Sheet as of June 30, 2022, and the related Statement of Revenues, Expenses, and Changes in Fund Balance, and Statement of Cash Flows for the year then ended, and the disclosures (collectively, the "financial statements"). The financial statements will not include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB), 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 report will disclose the omission of this required supplementary information about future major repairs and replacements, but our opinion on the basic financial statements will not be affected by this missing information.

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). 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 (GAAS) will always detect a material



misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Association and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.
- Misappropriation of cash, which is the Association's largest, and most liquid asset



- Improper cash disbursements concealed within expense accounts

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, customers, creditors, and financial institutions as we deem appropriate under the circumstances. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We may also request written representations from the Association's legal counsel as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Professional Services

As part of our engagement, we will also –

- Assist you in preparing the Association's financial statements in conformity with U.S. GAAP based on information provided by you and subject to your review and approval.
- Maintain the Association's schedules of fixed assets and depreciation, based on information provided by you and subject to your review and approval. We will provide you copies of these schedules in the course of our rendering these services.
- Provide you with any adjusting journal entries to post to the Company's internal accounting system, subject to your review and approval.
- Prepare the Association's fiscal year ended June 30, 2022 Federal and Louisiana corporation income tax returns based on information provided by you and subject to your review and approval.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants (AICPA). In our sole professional judgment, we reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to positions taken in the preparation of the tax returns, but management must make all decisions with regard to those matters.

You agree to assume all management responsibilities for the financial statement preparation assistance, depreciation schedule maintenance, adjusting journal entry development, and income tax return preparation services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. GAAP with the oversight of those charged with governance. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations.

With regards to publishing the financial statements on the Association's website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

We understand that your employees will provide any information necessary for us to prepare whatever cash, receivables, and other confirmations we determine are necessary under the circumstances and will also provide any documents selected by us for testing.

Matthew D. Roger, CPA, CFF, MS-Tx is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately October 23, 2023 and to complete the Association's income tax returns and issue our report no later than November 15, 2023.

Our audit engagement ends on delivery of our audit report, and our tax engagement ends on delivery of your tax returns. Any follow-up services that might be required (including but not limited to representing the Association in a tax examination) will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement for that service.



We estimate that our fees for the audit and other services other than the preparation of the tax returns will range from \$6,000 to \$7,000 and from \$900 to \$1,000 for the preparation of the income tax returns. Our fees for professional services rendered will include any related travel and other out-of-pocket costs such as report production, word processing, and postage. Our fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes sixty (60) days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

Reporting

We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph, other-matter paragraph, or separate section to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this engagement letter (contract for professional services) accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described herein, please sign and return an executed copy to us.

Very truly yours,



Matthew D. Roger, CPA, CFF, MS-Tx
Managing Member

Client Acceptance

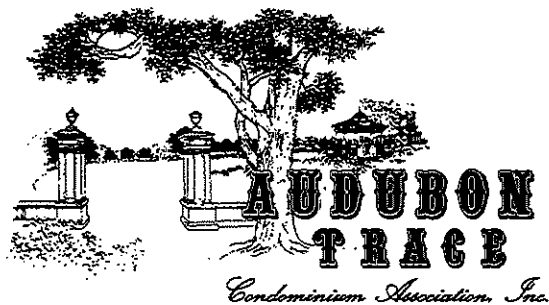
This engagement letter (contract for professional services) correctly sets forth the understanding of the Audubon Trace Condominium Association, Inc.

Management signature:  _____

Title: PROPERTY MANAGER _____

Date: 10/23/2023 _____





November 28, 2023

Matthew D. Roger, CPA, CFF, MS-Tx
Managing Member
Roger & Associates, CPAs, LLC
3637 Canal Street
New Orleans, LA 70119-6145

Dear Mr. Roger,

This representation letter is provided in connection with your audit of the financial statements of the Audubon Trace Condominium Association, Inc., which comprise the Balance Sheet as of June 30, 2022, and the related Statement of Revenues, Expenses, and Changes in Fund Balances, and Statement of Cash Flows, for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm to the best of our knowledge and belief as of November 28, 2023, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 21, 2023, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP other than the departures disclosed in Note A(2)(e) regarding the use of tax basis depreciation and Note A(2)(f) regarding the Association's decision not to report deferred tax assets, both principally for cost-benefit considerations.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is

reasonable in accordance with U.S. GAAP.

6. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Association's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been properly disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. Transfers or designations of fund balance or interfund borrowings have been properly authorized and approved and have been properly recorded or disclosed in accordance with GAAP.
13. Dues receivable recorded in the financial statements represent valid claims against unit owners for regular assessments, special assessments, and/or other charges arising on or before the Balance Sheet date and reflect their estimated net realizable value.
14. We have evaluated the impacts that Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, might have on the Association's financial statements. We have opted not to adopt this pronouncement because we do not believe that it should apply to homeowners associations in general or to the Association in particular. Therefore, there are no changes to the Association's accounting policies for the recognition of assessment revenues, the recordation of contract liabilities, or the reporting of beginning fund balances.

Information Provided

15. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, minutes of the meetings of the Board of Directors, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
16. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud during your discussions with management.
18. We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.

20. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
21. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
22. We have disclosed to you the names of all of the Association's related parties, and there are no known related-party transactions.
23. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
24. The Board of Directors has not conducted a study to determine the estimated funding needed for future major repairs and replacements. It is funding major repairs and replacements through the designated portion of monthly assessments for reserves, through special assessments, and/or as needs arise.
25. The Association's allocation of expenses against exempt and nonexempt function income conforms with IRS rules, which require that the allocation be made "on a reasonable basis." We have adequately documented such allocation.
26. We understand that management is responsible for the Association's choice of filing Form 1120-H and the consequences thereof.
27. In regard to your "non-attest" (i) financial statement preparation assistance, (ii) depreciation schedule maintenance, (iii) adjusting journal entry development, and (iv) tax services, we have -
 - Assumed all management responsibilities
 - Designated Stephanie M. Prunty, CPA, who has suitable skill, knowledge, and experience to oversee these services
 - Evaluated the adequacy and results of these services
 - Accepted responsibility for the results of these services
 - Ensured that the data and records are complete and we have sufficient information to oversee these services

Signature: 

Title: 

ROGER AND ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS, ACCOUNTANTS, TAX ADVISORS
3637 CANAL STREET
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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

November 28, 2023

Tim Munch, General Manager/Property Manager
Stephanie M. Prunty, CPA, Treasurer
Audubon Trace Condominium Association, Inc.
4117 South Drive
Jefferson, LA 70121

Re: Communication with Those Charged with Governance
June 30, 2022 Audited Financial Statements

Dear Tim & Stephanie,

We have audited the financial statements of the Audubon Trace Condominium Association, Inc. for the year ended June 30, 2022; and we will issue our report thereon dated November 28, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 21, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Audubon Trace Condominium Association, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no new transactions entered into by the Association during the year for which there is any lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the



financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was as follows:

Your estimate (of \$0) for the allowance of bad debts applicable to assessment dues receivable is based on historical assessment revenue invoicing and collection patterns, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was as follows:

The disclosure regarding contingencies in Note D to the financial statements address certain contentious, stressful issues that might be difficult for users to encounter. Nonetheless, they provide additional transparency concerning the Association and make the accompanying financial statements more meaningful in portrayal.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. You have corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Other Audit Findings or Issues

Our report notes the Association's usual departures from U.S. GAAP concerning the use of income tax basis for depreciation expense, and the absence of deferred tax assets, both principally for cost-benefit considerations.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, management has omitted that information which, 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.



This information is intended solely for the use of the Board of Directors and the General/Property Manager of the Audubon Trace Condominium Association, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Roger & Associates LLC
New Orleans, Louisiana



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**ASSOCIATE CONSULTANT

Tim Munch, General Manager/Property Manager
Stephanie M. Prunty, CPA, Treasurer
Audubon Trace Condominium Association, Inc.
4117 South Drive
Jefferson, LA 70121

Re: Communication of No Material Weaknesses In Internal Control
June 30, 2022 Audited Financial Statements

Dear Tim & Stephanie,

In planning and performing our audit of the financial statements of the Audubon Trace Condominium Association, Inc. as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Audubon Trace Condominium Association, Inc.'s system of internal control over financial reporting (internal control) as a basis for designing 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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of the Board of Directors and the General/Property Manager of the Audubon Trace Condominium Association, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

ROGER AND ASSOCIATES, LLC

New Orleans, Louisiana
November 28, 2023

Subject: June 30, 2022 Audited Financial Statements & Other Documents
Date: Tuesday, December 19, 2023 at 2:17:59 PM Central Standard Time
From: Matthew Roger
To: smpruntycpa@gmail.com
CC: Audubon Trace Condominium Association, Inc.
Attachments: 06-30-22 AUDITED FINANCIAL STATEMENTS.pdf, ENGAGEMENT LETTER.pdf, MANAGEMENT REPRESENTATIONS LETTER.pdf, GOVERNANCE LETTER.pdf, NO MATERIAL WEAKNESSES LETTER.pdf

Hi, Stephanie.

My peer reviewer suggested that I modify the management representations letter, which necessitated Tim coming over to sign the updated/final one yesterday.

Enclosed are the following for the Association's files and records -

1. Audited financial statements as of and for the fiscal year ended June 30, 2022
2. Engagement letter
3. Management representations letter

In particular, please see item #14, which is the suggested modification. I have to complete a file memo regarding this pronouncement and will discuss with you at some point in the next 30 days.

4. Letter of communication with those charged with governance
5. Letter of communication of no material weaknesses in internal control

Shortly after New Years, I will have the engagement letter ready for the 06/30/23 audit and would also like to have Patty post the journal entries we developed in connection with the 06/30/22 audit.

Let me know if you have any questions, and have a great Christmas holiday!

Best regards,

mr

Matthew D. Roger, CPA, CFF, MS-Tx
Managing Member
Roger & Associates, LLC
3637 Canal Street
New Orleans, LA 70119
504.486.5917 o
504.486.5971 f
504.874.4038 c
mroger@rogercpas.com

IRS CIRCULAR 230 DISCLOSURE: To insure compliance with Treasury Regulations (31 CFR Part 10, Section

10.35), we are required to inform you that any tax advice contained in this correspondence including any attachments, was not intended or written by us to be used, and cannot be used by you or anyone else, for the purpose of avoiding penalties imposed by the Internal Revenue Code or other law or for the purpose of marketing or recommending to any other party any transaction, arrangement, or other matter. If you desire a formal opinion on a particular tax matter for the purpose of avoiding the imposition of any penalties, our firm must be engaged for that purpose and we will discuss further the Treasury requirements that must be met and whether it is possible to meet those requirements under the circumstances, as well as the anticipated time and fees involved.