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June 8, 2018

Board of Directors  
New Chauncey Housing, Inc.  
279 Littleton Street  
West Lafayette, IN 47906

We have reviewed the report prepared by New Chauncey Housing, Inc. and opined upon by Girardot, Strauch & Co., Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of New Chauncey Housing, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Girardot, Strauch & Co. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**NEW CHAUNCEY HOUSING, INC.**

**AUDITED  
FINANCIAL STATEMENTS**

**As of and for the Years Ended  
December 31, 2015 and 2014**

*Girardot, Strauch & Co.*

A P R O F E S S I O N A L C O R P O R A T I O N  
Certified Public Accountants

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# *Girardot, Strauch & Co.*

A P R O F E S S I O N A L C O R P O R A T I O N  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
New Chauncey Housing, Inc.  
West Lafayette, Indiana

We have audited the accompanying financial statements of New Chauncey Housing, Inc. (an Indiana not-for-profit corporation), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2015 and 2014, and the related statements of support, revenue, and expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the Notes to the Financial Statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 assets, liabilities, and net assets of New Chauncey Housing, Inc. as of December 31, 2015 and

2014, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in the notes to the financial statements.

**Basis of Accounting**

We draw attention to the basis of accounting note in the notes to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Girardot, Strauch & Co.*

Lafayette, Indiana  
May 5, 2016

**NEW CHAUNCEY HOUSING, INC.**  
**STATEMENTS OF ASSETS, LIABILITES AND NET ASSETS -**  
**MODIFIED CASH BASIS**  
**December 31, 2015 and 2014**

		2015		2014
<b>ASSETS</b>				
Cash	\$	337,787	\$	338,960
Property held for resale		128,443		397,348
Property and equipment, net		166,751		173,297
	\$	632,981	\$	909,605
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Payroll withholdings	\$	3,594	\$	2,854
<b>NET ASSETS</b>				
Unrestricted		526,693		590,367
Temporarily restricted		102,694		316,384
Total Net Assets		629,387		906,751
	\$	632,981	\$	909,605

See Accompanying Notes to Financial Statements

**NEW CHAUNCEY HOUSING, INC.**  
**STATEMENTS OF SUPPORT, REVENUE AND EXPENSES -**  
**MODIFIED CASH BASIS**

**For the Years Ended December 31, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Grants						
CDBG - West Lafayette	\$ 82,847	\$ -	\$ 82,847	\$ 14,260	\$ 67,395	\$ 81,655
HOME - Lafayette	32,293	120,525	152,818	64,449	141,550	205,999
Contributions	2,959	-	2,959	1,745	1,405	3,150
Rent income	1,950	-	1,950	2,100	-	2,100
Interest	49	-	49	554	-	554
Loss on sale of properties	(291,440)	-	(291,440)	(49,811)	-	(49,811)
Net assets released from restriction	334,215	(334,215)	-	1,405	(1,405)	-
<b>Total Support and Revenue</b>	<u>162,873</u>	<u>(213,690)</u>	<u>(50,817)</u>	<u>34,702</u>	<u>208,945</u>	<u>243,647</u>
<b>EXPENSES</b>						
Homeownership assistance	58,500	-	58,500	23,800	-	23,800
Repair assistance	4,248	-	4,248	3,400	-	3,400
Down payment assistance	20,000	-	20,000	-	-	-
Salaries, payroll taxes and retirement	109,934	-	109,934	100,280	-	100,280
Telephone	4,002	-	4,002	3,257	-	3,257
Supplies	4,022	-	4,022	4,891	-	4,891
Professional fees	8,307	-	8,307	8,150	-	8,150
Promotional events	2,728	-	2,728	1,881	-	1,881
Travel	-	-	-	213	-	213
Utilities	3,118	-	3,118	3,349	-	3,349
Repairs	853	-	853	2,314	-	2,314
Outside service	-	-	-	659	-	659
Insurance	3,299	-	3,299	3,459	-	3,459
Property taxes	-	-	-	25	-	25
Depreciation	7,536	-	7,536	7,716	-	7,716
<b>Total Expenses</b>	<u>226,547</u>	<u>-</u>	<u>226,547</u>	<u>163,394</u>	<u>-</u>	<u>163,394</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(63,674)</u>	<u>(213,690)</u>	<u>(277,364)</u>	<u>(128,692)</u>	<u>208,945</u>	<u>80,253</u>
<b>BEGINNING NET ASSETS</b>	<u>590,367</u>	<u>316,384</u>	<u>906,751</u>	<u>719,059</u>	<u>107,439</u>	<u>826,498</u>
<b>ENDING NET ASSETS</b>	<u>\$ 526,693</u>	<u>\$ 102,694</u>	<u>\$ 629,387</u>	<u>\$ 590,367</u>	<u>\$ 316,384</u>	<u>\$ 906,751</u>

See Accompanying Notes to Financial Statements

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NATURE OF ACTIVITIES**

New Chauncey Housing, Inc. (the organization) was incorporated under the laws of the State of Indiana in May 1998. Its purpose is to provide housing for low to moderate-income families and individuals in the City of West Lafayette, Indiana and to stabilize the near campus neighborhoods by slowing the conversion of single family homes to student rental properties. The organization purchases, rehabilitates, and re-sells homes that have been used as income property or are likely to be converted to income property. The homes are marketed at an attractive price to families and individuals that qualify for assistance according to HUD guidelines. Subsidies are structured to provide a strong financial incentive for purchasers to occupy the homes they purchase for a minimum of ten years. The organization receives its major funding from the City of West Lafayette (Community Development Block Grant) and the City of Lafayette (HOME Investment Partnerships Program).

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Date of Management's Review

Management has evaluated subsequent events through May 5, 2016 the date which the financial statements were available to be issued.

Basis of Accounting

The organization's policy is to prepare its financial statements on the modified cash basis of accounting. Consequently, certain revenue is recognized when received rather than when earned and certain expenses and purchases of assets are recognized when the cash is disbursed rather than when the obligation is incurred. Depreciation is calculated on capital assets. Inventory of homes held for resale is carried at cost.

Financial Statements Presentation

The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization does not currently have any permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with the modified cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. The organization's policy is to capitalize assets whose cost exceeds \$1,000. Depreciation is provided using the straight line method over the asset's estimated useful life. Estimated useful lives are 5 years for equipment and 15-20 years for buildings. Expenditures for maintenance and repairs are charged to expense as incurred.

Property Held for Resale

The organization purchases homes in order to rehabilitate the properties. It is the intent of the organization to then resell the properties. The properties are stated at cost. It is the policy of the organization to recognize losses on the properties only when the properties are sold.

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Contributions and Grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

The organization receives its major funding from the City of West Lafayette (Community Development Block Grant) and the City of Lafayette (HOME Investment Partnerships Program). Funds received from these programs that are used for the acquisition, rehabilitation and down payment assistance of houses purchased by the organizations are temporarily restricted. When the homes are sold to qualified individuals, the organization is required to reinvest a portion of the funds in another property and a portion of the funds are released to New Chauncey Housing, Inc.

Contributed Services

Contributed professional services are recognized if the services either create or enhance long-lived assets or require specialized skills and would typically need to be purchased if not donated by individuals possessing those skills. During 2015, \$160 of artist services and in 2014, donated landscaping and construction services valued at \$828 have been reflected in the financial statements.

Individuals volunteered many hours of their time to assist the organization and perform a variety of tasks that assist the organization in maintaining the near campus neighborhoods. None of these services meet the requirements of specialized skills to be recorded.

Income Tax Status

The Organization qualifies as a tax-exempt corporation described in Section 501(c)(3) of the Internal Revenue Code (the Code) and applicable state codes. Accordingly, the Organization is not subject to federal income taxes under Section 501(a) of the Code. The Organization is classified as a publicly-supported charitable organization under the Code and contributions to the Organization qualify as charitable tax deductions for the contributor.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. Management is not aware of any activities that would jeopardize its tax exempt status or activities that are subject to tax on unrelated business income or excise or other tax except for those that are already reported annually.

The federal and state income tax returns of the Organization for 2014, 2013, and 2012 are subject to examination by taxing authorities (generally for three years after they were filed).

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**PROPERTY HELD FOR RESALE**

Property held for resale consists of the following at December 31, 2015 and 2014:

	2015		2014	
	Amount	Number	Amount	Number
Homes available for sale	\$ -	-	\$ 191,555	1
Other building materials	1,500	-	689	-
Homes being rehabilitated	<u>126,943</u>	<u>1</u>	<u>205,104</u>	<u>1</u>
	<u>\$ 128,443</u>	<u>1</u>	<u>\$ 397,348</u>	<u>2</u>

**PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31, 2015 and 2014:

	2015	2014
Land	\$ 55,000	\$ 55,000
Building	144,356	144,356
Equipment	<u>5,890</u>	<u>4,900</u>
	205,246	204,256
Less accumulated depreciation	<u>(38,495)</u>	<u>(30,959)</u>
	<u>\$ 166,751</u>	<u>\$ 173,297</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Temporarily Restricted Net Assets consists of the following at December 31, 2015 and 2014:

	2015					
	12/31/2014	CDBG Funds	HOME Funds	Reinvested (Released)	Contributions	12/31/2015
123 E Oak	\$ 95,019	\$ -	\$ 28,550	\$ (123,569)	\$ -	\$ -
136 Dehart	70,550	-	7,500	(78,050)	-	-
302 E Stadium	150,815	-	20,725	(171,540)	-	-
227 Dehart	-	-	63,750	(63,750)	-	-
223 Dehart	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,694</u>	<u>-</u>	<u>102,694</u>
	<u>\$ 316,384</u>	<u>\$ -</u>	<u>\$ 120,525</u>	<u>\$ (334,215)</u>	<u>\$ -</u>	<u>\$ 102,694</u>

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**TEMPORARILY RESTRICTED NET ASSETS, continued**

	2014					
	12/31/2013	CDBG Funds	HOME Funds	Reinvested (Released)	Contributions	12/31/2014
123 E Oak	\$ -	\$ 18,000	\$ 77,019	\$ -	\$ -	\$ 95,019
136 Dehart	-	6,800	63,750	-	-	70,550
302 E Stadium	-	107,790	43,025	-	-	150,815
Seed Funds	-	-	-	(1,405)	1,405	-
Future Projects	107,439	(65,195)	(42,244)	-	-	-
	\$ 107,439	\$ 67,395	\$ 141,550	\$ (1,405)	\$ 1,405	\$ 316,384

**LOSS ON SALE OF PROPERTIES**

Loss from the sale of properties during 2015 and 2014 is as follows:

	2015	2014
Number of Houses	3	2
Sales Price	\$ 376,000	\$ 294,000
Cost of purchase, rehab, and sale	(667,440)	(343,811)
Loss on Sale of Properties	\$ (291,440)	\$ (49,811)

**CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balance in one local financial institution. All funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation. From time to time the balance in this account may exceed the insured limit, however, management believes the potential exposure poses no significant risk.

The Organization owns real estate in the City of West Lafayette including the building where its office is located. At December 31, 2015 and 2014, the real estate comprised approximately 52% and 63% of the Organization's total assets, respectively.

During 2015 and 2014, the Organization received approximately 34% and 28% of its support from the City of West Lafayette and 64% and 70% of its support from the City of Lafayette, respectively.

A vendor who provides construction services was paid 23% and 21% of total disbursements during 2015 and 2014, respectively.

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**FUNCTIONAL EXPENSES**

The following are the Organization's expenses reported by their functional classification:

	2015			
	Program	Supporting Services	Fundraising	Totals
Homeownership assistance	\$ 58,500	\$ -	\$ -	\$ 58,500
Repair assistance	4,248	-	-	4,248
Down payment assistance	20,000	-	-	20,000
Salaries and payroll taxes	76,954	32,980	-	109,934
Telephone	2,801	1,201	-	4,002
Supplies	2,815	1,207	-	4,022
Professional fees	-	8,307	-	8,307
Promotional events	-	-	2,728	2,728
Utilities	2,183	935	-	3,118
Repairs	597	256	-	853
Insurance	2,309	990	-	3,299
Depreciation	5,275	2,261	-	7,536
	<u>\$ 175,682</u>	<u>\$ 48,137</u>	<u>\$ 2,728</u>	<u>\$ 226,547</u>

	2014			
	Program	Supporting Services	Fundraising	Totals
Homeownership assistance	\$ 23,800	\$ -	\$ -	\$ 23,800
Repair assistance	3,400	-	-	3,400
Salaries and payroll taxes	70,196	30,084	-	100,280
Telephone	2,278	979	-	3,257
Supplies	3,424	1,467	-	4,891
Professional fees	-	8,150	-	8,150
Promotional events	-	-	1,881	1,881
Travel	149	64	-	213
Utilities	2,344	1,005	-	3,349
Repairs	1,620	694	-	2,314
Outside services	659	-	-	659
Insurance	2,421	1,038	-	3,459
Property taxes	25	-	-	25
Depreciation	5,401	2,315	-	7,716
	<u>\$ 115,717</u>	<u>\$ 45,796</u>	<u>\$ 1,881</u>	<u>\$ 163,394</u>

**NEW CHAUNCEY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**SUBSEQUENT EVENTS:**

In December 2015 the Organization entered into an agreement to purchase a property which will be renovated and held for sale. The agreed upon purchase price was \$105,000. The subject property closed in January 2016 at which time it became inventory to the organization.