

**CHATEAU DE NOTRE DAME
FACILITIES CORPORATION**

Audit of Financial Statements and
Supplementary Information

For the Year Ended June 30, 2021



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Independent Auditor's Report

Most Reverend Gregory M. Aymond, Archbishop,
and the Board of Directors
Chateau de Notre Dame Facilities Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Chateau de Notre Dame Facilities Corporation, which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chateau de Notre Dame Facilities Corporation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 24 is presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of Chateau de Notre Dame Facilities Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chateau de Notre Dame Facilities Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chateau de Notre Dame Facilities Corporation's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, Louisiana
October 21, 2021

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Financial Position
June 30, 2021

Assets	
Current Assets	
Cash - Operations	\$ 57,553
	<hr/>
Total Current Assets	57,553
	<hr/>
Restricted Deposits	
Escrow Deposits	377,523
Replacement Reserve	1,711,121
	<hr/>
Total Restricted Deposits	2,088,644
	<hr/>
Property and Equipment, Net	
Land	1,822,593
Building and Improvements	43,712,686
Equipment	6,999,375
Construction in Progress	653,080
	<hr/>
Total Property and Equipment	53,187,734
	<hr/>
Less: Accumulated Depreciation	(23,589,987)
	<hr/>
Property and Equipment, Net	29,597,747
	<hr/>
Total Assets	\$ 31,743,944
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
 HUD PROJECT NO. 064-22094
 Statement of Financial Position (Continued)
 June 30, 2021

Liabilities and Net Assets	
Current Liabilities	
Accounts Payable - Operations	\$ 56
Long-Term Debt Due Within One Year	<u>548,786</u>
Total Current Liabilities	<u>548,842</u>
Long-Term Liabilities	
Long-Term Debt Due After One Year	
Principal Amount	29,480,071
Less: Unamortized Debt Issuance Costs	<u>(454,163)</u>
Long-Term Debt Due After One Year, Net	<u>29,025,908</u>
Total Long-Term Liabilities	<u>29,025,908</u>
Total Liabilities	<u>29,574,750</u>
Net Assets	
Without Donor Restrictions	<u>2,169,194</u>
Total Net Assets	<u>2,169,194</u>
Total Liabilities and Net Assets	<u><u>\$ 31,743,944</u></u>

The accompanying notes are an integral part of these financial statements.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Activities
For the Year Ended June 30, 2021

Revenue and Other Support	
Rent	\$ 2,235,987
Capital Outlay	363,185
Interest and Dividend Income	1,945
Donations Receipts	<u>222,224</u>
Total Revenue and Other Support	<u>2,823,341</u>
Expenses	
Project Services	
Interest	1,066,135
Depreciation	1,602,928
Insurance	197,063
Audit Expense	7,354
Office Expense	23
Utilities	646
Administrative	564
Donations Expense	<u>512,435</u>
Total Project Services Expenses	<u>3,387,148</u>
Change in Net Assets	(563,807)
Net Assets, at Beginning of Year	<u>2,733,001</u>
Net Assets, at End of Year	<u><u>\$ 2,169,194</u></u>

The accompanying notes are an integral part of these financial statements.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Project Services	Management and General	Total
Interest	\$ 1,066,135	\$ -	\$ 1,066,135
Depreciation	1,602,928	-	1,602,928
Insurance	197,063	-	197,063
Audit Expense	7,354	-	7,354
Office Expense	23	-	23
Utilities	646	-	646
Administrative	564	-	564
Donations Expense	512,435	-	512,435
Total	\$ 3,387,148	\$ -	\$ 3,387,148

The accompanying notes are an integral part of these financial statements.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Receipts

Rental Receipts	\$ 2,235,987
Interest Receipts	1,945
Donations Receipts	222,224
Capital Outlay Receipts	<u>363,185</u>

Total Receipts	<u>2,823,341</u>
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Disbursements

Administrative	(8,587)
Insurance	(197,063)
Donations Expense	(512,435)
Interest Paid (Net of Amount Capitalized)	<u>(1,047,987)</u>

Total Disbursements	<u>(1,766,072)</u>
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Net Cash Provided by Operating Activities	<u>1,057,269</u>
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Cash Flows from Investing Activities

Purchase of Fixed Assets	<u>(437,305)</u>
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Net Cash Used in Investing Activities	<u>(437,305)</u>
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Cash Flows from Financing Activities

Principal Payment on Long-Term Debt	<u>(531,298)</u>
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Net Cash Used in Financing Activities	<u>(531,298)</u>
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Net Increase in Cash, Cash Equivalents, and Restricted Cash	88,666
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Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,057,531</u>
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Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 2,146,197</u></u>
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The accompanying notes are an integral part of these financial statements.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2021

Reconciliation of Change in Net Assets to	
Net Cash Flows from Operating Activities	
Change in Net Assets	\$ (563,807)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation Expense	1,602,928
Amortization of Debt Issuance Costs	23,160
Changes in:	
Accounts Payable - Operations	<u>(5,012)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,057,269</u>

The accompanying notes are an integral part of these financial statements.

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 1. Organization

The accompanying financial statements include the accounts of Chateau de Notre Dame Facilities Corporation (Chateau FC), a Louisiana non-profit corporation sponsored by Notre Dame Health System (the Sponsor), which was founded September 19, 2016.

Chateau FC was established to facilitate the refinancing of debt and to provide long-term fixed rate financing for Chateau de Notre Dame and Wynhoven Health Care Center (Wynhoven). Notre Dame has licensed capacity of 171 skilled nursing beds, as well as a separate license for 100 units. Wynhoven is licensed for 188 beds, and provides skilled and intermediate nursing care, short-term rehabilitation, and hospice services to its residents.

The refinanced debt is insured through Section 232 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD).

Note 2. Summary of Significant Accounting Policies

Significant accounting policies followed by Chateau FC are summarized as follows:

Method of Accounting

Assets and liabilities, and revenue and expenses are recognized on the accrual basis of accounting.

Basis of Presentation

Chateau FC reports information regarding its financial position and activities according to two classes of net assets: assets without donor restrictions and assets with donor restrictions.

Assets Without Donor Restrictions: Those net assets whose use is not restricted by donors.

Assets With Donor Restrictions: Those net assets whose use by Chateau FC has been limited by donors (a) to later periods of time or after specified dates or (b) to specific purposes, or those net assets that must be maintained in perpetuity to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes.

Chateau FC has no assets, liabilities, or activities with donor restrictions.

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Chateau FC considers all temporary cash investments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are carried at original billed amounts less an estimate made for doubtful accounts if any such amount is considered necessary. Chateau FC's sole revenue source is the Sponsor. Therefore, management has determined no allowance for doubtful accounts is necessary.

Restricted Deposits

Under the security agreement HUD insured loan, Chateau FC is required to set aside amounts for mortgage insurance premiums, property insurance, and other expenses approved by HUD. Restricted deposits, which total \$2,088,644 at June 30, 2021, are held in separate accounts and generally are not available for operating purposes.

Property and Equipment

Property and equipment are capitalized at their purchase price or, in the case of contributed assets, at the estimated fair market value at the date of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method using the following useful estimated lives:

Building	
Structural Components	50 Years
Mechanical Equipment, Siding, and Roof	25 Years
Paving and Interior Work	10 Years
Equipment and Furniture	5 - 20 Years

Depreciation expense for the year ended June 30, 2021, totaled \$1,602,928.

Interest Capitalized

Chateau CF follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use. Interest cost capitalized for the year ended June 30, 2021 totaled \$18,148.

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the project and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the project and supporting services benefited.

Lease Revenues

Lease revenues are recognized when earned based on contractual agreements which indicate the leasing terms and pricing.

Income Taxes

Chateau FC operates as a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. As such, Chateau FC is subject to income tax only on unrelated business taxable income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2021, management of Chateau FC believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax periods ending June 30, 2018, 2019, and 2020, remain subject to examination by the taxing authorities.

Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability. As of June 30, 2021, unamortized debt issuance costs totaled \$454,163.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total cash amounts shown in the statement of cash flows:

Cash and Cash Equivalents	
Cash - Operations	\$ 57,553
Restricted Cash	
Escrow Deposits	377,523
Replacement Reserve	1,711,121
	<hr/>
Total Cash, Cash Equivalents, and Restricted Cash	\$ 2,146,197

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial Assets Available, at June 30, 2021

Cash - Operations	\$ 57,553
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**Financial Assets Available to Meet Cash Needs for
General Expenditures within One Year**

\$ 57,553

Note 4. Long-Term Debt

Effective May 1, 2017, Chateau FC entered into a term-loan agreement with an agent of HUD. Chateau FC borrowed \$32,080,900 on May 15, 2017. The loan bears interest at 3.50% and is due in monthly payments of principal and interest in the amount of \$132,587 through June 1, 2052.

The loan is secured by a mortgage, security agreement and assignment of leases and rents, granting first priority mortgage and security interest in the properties owned, certain depository accounts, and all furniture, fixtures, and equipment located on the properties.

The loan is subject to various statutes and regulations issued by HUD.

The aggregate amount of maturities for long-term indebtedness for each of the five years subsequent to June 30, 2021 and thereafter is as follows:

2022	\$ 548,786
2023	568,305
2024	588,518
2025	609,449
2026	631,126
Thereafter	<u>27,082,673</u>
Total	<u>\$ 30,028,857</u>

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 5. Related-Party Transactions

Chateau FC is controlled by the Sponsor. The Sponsor leases all land, buildings, and properties owned by Chateau FC in order to conduct its operations as described in Note 1. Rent charged to the Sponsor for the year ended June 30, 2021 totaled \$2,235,987.

The Sponsor controls other entities which are considered related parties of Chateau FC. From time to time, donations are made from those related parties to Chateau FC and are made from Chateau FC to those related parties. Chateau FC pays property insurance premiums for the properties it owns but are operated by the Sponsor. These amounts are recorded as donations expense in these financial statements.

The Sponsor (and therefore Chateau FC) is controlled by the Archbishop of the Roman Catholic Church of the Archdiocese of New Orleans, who also serves as the controlling member of all other corporations, boards of trustees, and separate activities sponsored by, or operated under the auspices of, the Archdiocese.

Note 6. Risk Management and Concentration of Credit Risk

Risk Management

Chateau FC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters.

Concentrations of Credit Risk

Chateau FC extends unsecured credit to the Sponsor. Financial instruments that potentially subject Chateau FC to credit risk include accounts receivable on the statement of financial position, if any.

Chateau FC periodically maintains cash in bank accounts in excess of insured limits. At June 30, 2021, Chateau FC had funds in excess of the federally insured limits of approximately \$1,800,000 in one financial institution. Chateau FC has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Notes to the Financial Statements

Note 7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 21, 2021, and determined that the following events require disclosure:

Hurricane Ida

On August 29, 2021, Ida made landfall as a Category 4 hurricane severely impacting the New Orleans Metropolitan area. Emergency declarations at the state and federal levels were declared to provide assistance with recovery efforts. Chateau FC is currently assessing the overall impact to Chateau de Notre Dame and Wynhoven Health Care Center.

No subsequent events occurring after October 21, 2021 have been evaluated for inclusion in these statements.

SUPPLEMENTARY INFORMATION

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
 HUD PROJECT NO. 064-22094
 Statement of Financial Position Data
 June 30, 2021

Account Number		
	Assets	
	Current Assets	
1120	Cash - Operations	\$ 57,553
1100T	Total Current Assets	<u>57,553</u>
	Restricted Deposits	
1310	Escrow Deposits	377,523
1320	Replacement Reserve	<u>1,711,121</u>
1300T	Total Restricted Deposits	<u>2,088,644</u>
	Property and Equipment, Net	
1410	Land	1,822,593
1420	Building and Improvements	43,712,686
1440	Equipment	6,999,375
1490	Construction in Progress	<u>653,080</u>
1400T	Total Fixed Assets	53,187,734
1495	Less: Accumulated Depreciation	<u>(23,589,987)</u>
1400N	Net Fixed Assets	<u>29,597,747</u>
1000T	Total Assets	<u><u>\$ 31,743,944</u></u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
 HUD PROJECT NO. 064-22094
 Statement of Financial Position Data (Continued)
 June 30, 2021

Account Number		
	Liabilities and Net Assets	
	Current Liabilities	
2110	Accounts Payable - Operations	\$ 56
2170	Long-Term Debt Due Within One Year	<u>548,786</u>
2122T	Total Current Liabilities	<u>548,842</u>
	Long-Term Liabilities	
2320	Long-Term Debt Due After One Year	29,480,071
2340	Debt Issuance Costs	<u>(454,163)</u>
	Long-Term Debt Due After One Year, Net	<u>29,025,908</u>
2300T	Total Long-Term Liabilities	<u>29,025,908</u>
2000T	Total Liabilities	<u>29,574,750</u>
	Net Assets	
3131	Without Donor Restrictions	<u>2,169,194</u>
3130	Total Net Assets	<u>2,169,194</u>
2033T	Total Liabilities and Net Assets	<u><u>\$ 31,743,944</u></u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Activities Data
For the Year Ended June 30, 2021

Account Number		
	Revenues	
5120	Rent Revenue	\$ 2,235,987
5100T	Total Rent Revenue	<u>2,235,987</u>
5490	Interest Income	<u>1,945</u>
5400T	Total Financial Revenue	<u>1,945</u>
5970	Gifts	222,224
5990	Miscellaneous Revenue	<u>363,185</u>
5900T	Total Other Revenue	<u>585,409</u>
5000T	Total Revenue	<u>2,823,341</u>
	Expenses	
6311	Office Expenses	23
6350	Audit Expense	7,354
6390	Miscellaneous Administrative Expenses	<u>512,999</u>
6263T	Total Administrative Expenses	<u>520,376</u>
6451	Water	<u>646</u>
6400T	Total Utilities Expenses	<u>646</u>
6720	Property and Liability Insurance	<u>197,063</u>
6700T	Total Taxes and Insurance	<u>197,063</u>
6820	Interest on Mortgage Payable	<u>1,066,135</u>
6800T	Total Financial Expenses	<u>1,066,135</u>
6000T	Total Cost of Operations before Depreciation	<u>1,784,220</u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Activities Data (Continued)
For the Year Ended June 30, 2021

Account Number		
5060T	Change in Net Assets before Depreciation	\$ 1,039,121
6600	Depreciation Expense	<u>1,602,928</u>
5060N	Operating Loss	(563,807)
3247	Change in Net Assets Without Donor Restrictions	<u>\$ (563,807)</u>
3250	Change in Total Net Assets from Operations	<u>\$ (563,807)</u>
S1000-010	Total Mortgage principal payments required during the audit period.	<u>\$ 531,298</u>
S1000-020	Total of monthly deposits in the audit period into the replacement reserve account, as required by the regulatory agreement.	<u>\$ 165,000</u>
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	<u>\$ -</u>
S1100-065	Other Changes in Net Assets Without Donor Restrictions	<u>\$ -</u>
S1100-055	Other Changes in Total Net Assets	<u>\$ -</u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Cash Flows Data
For the Year Ended June 30, 2021

Account Number		
	Cash Flows from Operating Activities	
	Receipts	
S1200-010	Rental Receipts	\$ 2,235,987
S1200-020	Interest Receipts	1,945
S1200-025	Gifts	222,224
S1200-030	Other Operating Receipts	363,185
		<hr/>
S1200-040	Total Receipts	2,823,341
		<hr/>
	Disbursements	
S1200-050	Administrative	(8,587)
S1200-140	Insurance	(197,063)
S1200-170	Other Operating Expenses	(512,435)
S1200-180	Interest on Mortgage	(1,047,987)
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S1200-230	Total Disbursements	(1,766,072)
		<hr/>
S1200-240	Net Cash Provided by Operating Activities	1,057,269
		<hr/>
	Cash Flows from Investing Activities	
S1200-245	Net Deposits to the Mortgage Escrow Account	134,832
S1200-250	Net Deposits to the Reserve for Replacement Account	(166,945)
S1200-330	Purchase of Fixed Assets	(437,305)
		<hr/>
S1200-350	Net Cash Used in Investing Activities	(469,418)
		<hr/>
	Cash Flows from Financing Activities	
S1200-360	Principal Payment on Long-Term Debt	(531,298)
		<hr/>
S1200-460	Net Cash Used in Financing Activities	(531,298)
		<hr/>
S1200-470	Net Increase in Cash and Cash Equivalents	56,553
		<hr/>
S1200-480	Cash and Cash Equivalents, at Beginning of Year	1,000
		<hr/>
S1200T	Cash and Cash Equivalents, at End of Year	\$ 57,553
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CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Statement of Cash Flows Data (Continued)
For the Year Ended June 30, 2021

Account Number		
	Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities	
3250	Change in Net Assets	\$ (563,807)
	Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
6600	Depreciation Expense	1,602,928
6610	Amortization of Debt Issuance Costs	23,160
	Changes in:	
S1200-540	Accounts Payable - Operations	<u>(5,012)</u>
S1200-610	Net Cash Provided by Operating Activities	<u><u>\$ 1,057,269</u></u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Computation of Surplus Cash
For the Year Ended June 30, 2021

Cash	\$	57,553
Current Obligations		
Accrued Mortgage Interest Payable		-
Accounts Payable Due within 30 Days		56
Loans and Notes Payable Due within 30 Days		45,003
Accrued Expenses		-
		<hr/>
Total Current Obligations		45,059
		<hr/>
Surplus Cash	\$	12,494
		<hr/> <hr/>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Schedule of Changes in Fixed Assets
For the Year Ended June 30, 2021

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 1,822,593	\$ -	\$ -	\$ 1,822,593
Buildings and Improvements	43,699,186	13,500	-	43,712,686
Equipment	6,982,538	16,837	-	6,999,375
Construction in Progress	258,760	394,320	-	653,080
Total	\$ 52,763,077	\$ 424,657	\$ -	\$ 53,187,734
Accumulated Depreciation	\$ 21,987,059	\$ 1,602,928	\$ -	\$ 23,589,987
Net Book Value				\$ 29,597,747

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Schedule of Reserve for Replacements
For the Year Ended June 30, 2021

Balance at Beginning of Period	\$	1,544,176
Total Monthly Deposits		165,000
Other Deposits		
Interest Income		1,945
		<hr/>
Balance at End of Period	\$	<u><u>1,711,121</u></u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Program Title/Pass-Through Grantor's Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Mortgage Insurance - Nursing Homes, Intermediate Care Facilities, Board and Care Homes and Assisted Living Facilities	14.129	<u>\$ 30,028,857</u>
Total Expenditure of Federal Awards		<u><u>\$ 30,028,857</u></u>

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Chateau de Notre Dame Facilities Corporation (Chateau FC), Project Number 064-22094, and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2. Mortgage Insurance

Chateau FC participates in the Section 232 Program of the Department of Housing and Urban Development (HUD). Section 232 is a loan product that provides mortgage insurance for residential care facilities. HUD insures lenders against a loss on mortgages. The loans may be used to finance the purchase, refinance, new construction, or substantial rehabilitation of a project.

The outstanding balance of the mortgage at June 30, 2021 was \$30,028,857.

SUPPLEMENTAL FINANCIAL REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
Chateau de Notre Dame Facilities Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chateau de Notre Dame Facilities Corporation (a nonprofit organization) (Chateau FC) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chateau FC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chateau FC's internal control. Accordingly, we do not express an opinion on the effectiveness of Chateau FC'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chateau FC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chateau FC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chateau FC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, Louisiana

October 21, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND THE CONSOLIDATED
AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS**

Independent Auditor's Report

To the Board of Directors
Chateau de Notre Dame Facilities Corporation

Report on Compliance for Each Major Federal Program

We have audited Chateau de Notre Dame Facilities Corporation's (Chateau FC) compliance with the types of compliance requirements described in OMB *Compliance Supplement and the Consolidated Audit Guide for Audits of HUD Programs* that could have a direct and material effect on each of Chateau FC's major federal programs for the year then ended June 30, 2021. Chateau FC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chateau FC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide), issued by the U.S. Department of Housing and Urban Development Office of the Inspector General. Those standards and the Uniform Guidance and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chateau FC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chateau FC's compliance.

Opinion on Each Major Federal Program

In our opinion, Chateau FC complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year then ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Chateau FC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chateau FC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chateau FC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Professional Accounting Corporation

Metairie, Louisiana
October 21, 2021

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Part I - Summary of Auditor's Results

Financial Statement Section

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	None Reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards Section

Internal Control over Major Programs:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Title</u>	<u>Assistance Listing Number</u>
Mortgage Insurance - Nursing Homes, Intermediate Care Facilities, Board and Care Homes and Assisted Living Facilities	14.129
Dollar Threshold used to Determine Type A Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	No

Part II - Findings - Financial Statements Audit

No findings were reported.

Part III - Findings and Questioned Costs - Major Federal Award Program Audit

No findings were reported.

CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094
Schedule of Prior Year Findings
For the Year Ended June 30, 2021

Part II - Financial Statement Findings

None.

Part III - Federal Award Findings and Questioned Costs

None.

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Certification of Project Owner

We hereby certify that we have examined the accompanying financial statements and supplemental data of Chateau de Notre Dame Facilities Corporation, HUD Project No. 064-22094 and, to the best of our knowledge and belief, the same is complete and accurate.

Chateau de Notre Dame Facilities Corporation



Handwritten signature of Jeff Tully in black ink, written over a horizontal line.

Jeff Tully, Chief Executive Officer



Handwritten signature of Ryan Caruso in black ink, written over a horizontal line.

Ryan Caruso, Senior Vice President of Finance


Federal Employer Identification
Number: 81-3960386

**CHATEAU DE NOTRE DAME FACILITIES CORPORATION
HUD PROJECT NO. 064-22094**

Certification of Management Agent

We hereby certify that we have examined the accompanying financial statements and supplemental data of Chateau de Notre Dame Facilities Corporation, HUD Project No. 064-22094 and, to the best of our knowledge and belief, the same is complete and accurate.

Notre Dame Health System



A handwritten signature in black ink, appearing to read 'Jeff Tully', is written over a horizontal line. The signature is stylized and extends to the right of the line.

Jeff Tully, Chief Executive Officer

Federal Employer Identification
Number: 72-0786847

**Independent Accountant’s Report on
Applying Agreed-Upon Procedures**

To the Board of Directors
Chateau de Notre Dame Facilities Corporation

We have performed the procedure described in the second paragraph of this report, which was agreed to by Chateau de Notre Dame Facilities Corporation and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Administrative requirements reporting package. Chateau FC is responsible for accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of Chateau FC and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule Information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for Chateau de Notre Dame Facilities Corporation as of and for the year then ended June 30, 2021. The information in the “Hard Copy Documents” column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated October 21, 2021 was expressed in relation to the basic financial statements of Chateau de Notre Dame Facilities Corporation taken as a whole.

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor's reports, is available in its entirety from Chateau de Notre Dame Facilities Corporation. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PHI-REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.



A Professional Accounting Corporation

Metairie, Louisiana
October 21, 2021

Attachment to Independent Accountant's Report on Applying Agreed Upon Procedure

UFRS Rule Information	Hard Copy Document (s)	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Financial Data Templates (i.e., Supplemental Schedules)	Agrees
Surplus Cash (S3100 series of accounts)	Financial Data Templates (i.e., Computation of Surplus Cash, Distribution and Residual Receipts (Annual))	Agrees
Footnotes (S3100 series of accounts)	Footnotes to Audited Basic Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor's Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements, Compliance, and Internal Control	Agrees
Type of Opinion on Financial Data Templates (i.e., Supplemental Data) (account S3400-100)	Auditor's Supplemental Report on Financial Data Templates	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	Agrees