DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.

Financial Statements
With Supplementary Information

Year Ended June 30, 2015

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Financial Statements
With Supplementary Information
Year Ended June 30, 2015

Table of Contents

	Page
Roster of Officials and Board Members	1
Independent Auditors' Report	2
Management's Discussion and Analysis	4
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Component Units Financial Statements	
Balance Sheets	19
Statements of Activities	22
Statements of Cash Flows	26
Notes to Financial Statements	30
Required Supplementary Information:	
Schedule of Changes in the Net Position Liability (Asset) and Related Ratios (Unaudited)	42
Schedule of Contributions (Unaudited)	43
Supplementary Information:	
Schedule of Expenditures of Federal Awards	44
Schedule of Expenditures of Federal Awards - Component Units	47
Schedule of Other Grant Revenues	51
Note to Schedule of Expenditures of Federal and State Awards	52
Schedule of Insurance Coverage	53
Schedule of Agency Administrative Expenditures	54
Schedule of Individual Grant Fund Revenues and Expenditures	55
Schedule of Findings and Questioned Costs	58
Independent Auditors' 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*	59
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	61

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Roster of Officials and Board Members
June 30, 2015

Officials

Ms. Susan Luker	Executive Director
Mr. David Sigler	Fiscal Officer

Board Members

Cocke
Linda Branam
Bettye Carver
Pam Lowe
Charlotte Tweed
Jan Brockwell

Grainger
Sherrie Patterson
Donna Stansberry
Michael Collins
Lane Wolfenbarger
Terry Wolfe

Hamblen
Roxanne Bowen
Jim Clawson
Bill Brittain
Barbara Mason
Eduardo Villa

Jefferson
Nancy Farris
Scott Tipton
Rene Tabor
Elaine Smith

Monroe
Joe Benthall
Joe Burns
Roy Inman, Jr.
Conlie Rasnake

Sevier
Wayne Helton
Buster Norton
Ann Montgomery
Rebecca Trosclair

Independent Auditors' Report

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Douglas-Cherokee Economic Authority, Inc. (the "Agency") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of any of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. 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 Agency'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 Agency'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 financial statement 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 opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Agency, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability (asset) and related ratios and the schedule of contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2016, on our consideration of the Agency'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 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 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 the Agency's internal control over financial reporting and compliance.

Rodgers Moss & Co, PLLC

Greeneville, Tennessee
March 7, 2016

Overview of financial statements

The financial statements for Douglas-Cherokee Economic Authority, Inc. (DCEA) include: Government-Wide Statement of Net Assets and Statement of Activities; Governmental Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds; Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities; Statement of Capital Assets; Schedule of Expenditures of Federal and State Awards; Statement of Administrative Expenses, Statement of In-Kind Support, and Statement of Individual Grant Funds. The financial statements also include Balance Sheets, Statements of Activities, and Statements of Cash Flows for the Agency's component units. In addition to these statements, Notes to the Financial Statements, Required Supplementary and Other Supplementary Information are provided. This discussion focuses on the primary government, and references to "DCEA" refer to the primary government, not the government-wide statements, unless otherwise indicated.

The Fund Balance Sheet shows assets, liabilities, deferred inflows of resources, and fund equity accounts. Information is provided for governmental fund types.

In the governmental fund types, all assets, liabilities and fund equity are broken down into the general fund and grant fund. The general fund accounts for all financial resources not accounted for in the grant fund. The grant revenue fund accounts for resources from Federal and State grant agreements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances shows the general fund and grant revenue funds as discussed earlier.

The Notes to the Financial Statement provide detailed explanations that provide information essential to the understanding of the statements.

The supplementary information provided is used as a tool to explain further the financial information of DCEA.

Financial Highlights

Total assets and deferred outflows of resources of the Agency are $12,983,472 and exceed total liabilities and deferred inflows of resources by $9,977,415. Assets include cash and certificates of deposit, receivables, prepaid expenses, equipment, land, building, inventories, and net pension asset. Liabilities include payables, accrued salaries, and accrued leave liability. The Agency also reported deferred outflows of resources of $675,180 which represents employer contributions after the measurement of June 30, 2014. The following are some of the changes noted in the financial statements.

DCEA Net Position Comparison

	2014	2015	Variance
Cash & Certificates of Deposit	$ 3,557,386	$ 4,223,811	$ 666,425
Receivables	2,324,425	1,975,743	(348,682)
Prepaid Expense	46,769	47,918	1,149
Capital Assets	5,393,331	5,322,758	(70,573)
Net Pension Asset	-	738,062	738,062
Total Assets	11,321,911	12,308,292	986,381
Deferred Outflows of Resources	-	675,180	675,180

DCEA Net Position Comparison (Continued)

	2014	2015	Variance
Liabilities	$ 1,802,615	$ 1,414,405	$ (388,210)
Deferred Inflows of Resources	33,282	1,591,652	1,558,370
Net Position			
Investment in capital assets	5,329,331	5,276,758	(52,573)
Restricted	19,989	27,114	7,125
Unrestricted	4,136,694	4,673,543	536,849
Total Net Position	$ 9,486,014	$ 9,977,415	$ 491,401

	2014	2015	Difference
Cash and Certificates of Deposit	$ 3,557,386	$ 4,223,811	$ 664,425

The increase in cash is primarily due to the cash payment from the refinance of component units.

Receivables	$ 2,324,425	$ 1,975,743	$ (348,682)

The majority of the difference reflects decreases in grants receivable.

Prepaid Expenses	$ 46,769	$ 47,918	$1,149

The difference reflects a slight increase in prepaid expenses at year end.

Capital Assets	$ 5,393,331	$ 5,322,758	$ (70,573)

The difference in capital outlay is for an increase in building and improvements of $213,604, an increase in other fixed assets of $109,645, an increase in construction in progress of $111,340, a decrease in construction in progress of 198,093, and depreciation of $323,249 and deletions of $45,197 made during the year.

Net Pension Asset	$ -	$ 738,062	$738,062

The difference reflects the Agency's implementation of GASB Statement No. 68 and 71 that resulted in a pension asset.

Deferred Outflows	$ -	$ 675,180	$675,180

The difference reflects the Agency's pension contributions after the measurement date. GASB Statement No. 68 Accounting Financial Reporting for Pensions became effective for employer financial statements for the fiscal year beginning after June 15, 2014.

Liabilities	$ 1,802,615	$ 1,414,405	$ (388,210)

The difference reflects decreases in Accounts Payables of ($419,365), decreases in Notes Payable of $(18,000), and a decrease in Accrued Leave $(3,188). Accrued Payroll also increased by $51,775

Deferred Inflows	$ 33,282	$ 1,591,652	$1,558,370

Unearned revenue slightly decreased from previous year by $ (5,995). The major increase of $1,564,365 was the result of the implementation of GASB 68 and 71 that became effective for employer financial statements for the fiscal year beginning after June 15, 2014.

	2014	2015	Difference
Net Position	$ 9,486,014	$ 9,977,415	$491,401

The difference reflects a decrease in assets of $(70,573) and principal payments of debt of $18,000. The Agency also implemented GASB 68 and 71 during the year which resulted in a decrease of net position of $889,563. The remaining difference is a result of an increase of revenue over expenses for the current year.

DCEA Changes in Net Position

	2014	2015	Variance
REVENUES			
Federal financial assistance	$ 15,719,710	$ 16,207,097	$ 487,387
State financial assistance	639,720	445,849	(193,871)
Local contributions	336,334	200,391	(135,943)
Program income	65,567	58,916	(6,651)
Other income	2,375,344	2,900,079	524,735
Total revenues	19,136,675	19,812,332	675,657.00
EXPENDITURES			
Salaries and wages	8,497,514	8,674,715	177,201
Fringe benefits	2,588,821	2,645,492	56,671
Professional services	250,576	247,096	(3,480)
Supplies	393,388	404,255	10,867
Communications	219,723	214,694	(5,029)
Postage and shipping	22,029	22,302	273
Occupancy	741,941	761,154	19,213
Equipment rental/maintenance	29,203	23,920	(5,283)
Printing and publications	90,532	90,635	103
Travel	437,809	399,322	(38,487)
Staff development and training	59,352	61,618	2,266
Debt service			
Principal	18,000	18,000	-
Interest	640	480	(160)
Insurance	123,847	132,159	8,312
Assistance to individuals	3,264,567	3,014,210	(250,357)
Contracted services	94,699	86,381	(8,318)
Raw food	841,726	831,726	(10,000)
Miscellaneous	133,153	122,905	(10,248)
Capital expenditure	248,874	359,535	110,661
Indirect costs	988,058	1,006,636	18,578
Total expenditures	19,044,452	19,117,235	72,783
Revenues over (under) expenditures	92,223	695,097	602,874
Net Position-Beginning	4,064,460	4,156,683	92,223
Net Position-Ending	$ 4,156,683	$ 4,851,780	$ 695,097

	2014	2015	Difference
Fund Balance	$ 4,156,683	$4,851,780	$ 695,097

Revenues exceeded expenses by $695,097.

Statement of Revenues, Expenditures, and Changes in Fund Balance comparison

	2014	2015	Difference
Revenues	$19,136,675	$19,812,332	$675,657

A portion of the increase in revenues was due to the increase in Federal funding due to the restoration of previous sequestration cuts. The majority of the increase in revenues was due to two refinances in Rental Management.

Program Expenditures

Federal	**2014**	**2015**	**Variance**
EOC	$ 214,580	$ 216,112	$ 1,532
Upwardbound-Scott/Morgan	311,687	331,081	19,394
Upwardbound-Grainger/Hawkins	206,323	260,583	54,260
Talent Search	304,625	353,204	48,579
21st Century Learning Center	771,042	742,684	(28,358)
Adult Education	127,691	146,531	18,840
Community Based Abstinence	77,235	90,430	13,195
Head Start/Early	7,612,439	8,132,967	520,528
Teen Pregnancy Prevention	593,383	644,677	51,294
Responsible Fatherhood	370,804	376,061	5,257
CSBG	643,919	668,636	24,717
LIHEAP	3,079,941	2,865,201	(214,740)
YouthBuild	48,613	-	(48,613)
Aging Programs	641,489	624,949	(16,540)
HUD	1,165	-	(1,165)
FEMA	40,042	12,162	(27,880)
Commodities	44,065	82,014	37,949
Child and Adult Care Food Program	572,204	602,113	29,909
Workforce Investment Act	58,463	57,692	(771)
Total Federal Grants	$ 15,719,710	$ 16,207,097	$ 487,387
State			
Voluntary Pre-k	$ -	$ 121,391	$ 121,391
LEAP-After School	512,294	200,413	(311,881)
Direct Appropriation	22,050	22,050	-
Adult Education	42,563	48,844	6,281
Nutrition	31,126	32,563	1,437
Options	31,687	20,588	(11,099)
Total State Grants	639,720	445,849	(193,871)
General Fund	2,685,022	1,778,422	(906,600)
Total	$ 19,044,452	$ 18,431,368	$ (613,084)

Special Revenue Fund – Revenue and Expenses

Fund	Beginning Balance	Revenue	Expenses	Ending Balance
21st Century Learning Center/GC	$ -	742,684	742,684	$ -
LEAP	-	200,413	200,413	-
State Appropriation	-	22,050	22,050	-
CSBG	-	668,636	668,636	-
LIHEAP	-	2,865,201	2,865,201	-
Commodities	-	82,014	82,014	-
Head Start/Early	-	8,132,967	8,132,967	-
Child & Adult Food	-	588,576	588,576	-
Voluntary Pre-K	-	121,391	121,391	-
Community Based Abstinence	-	90,430	90,430	-
Teen Pregnancy Prevention	-	644,677	644,677	-
Educational Opportunity Centers	-	216,112	216,112	-
Upward Bound:				
Scott/Morgan	-	336,720	336,720	-
Grainger/Hawkins	-	267,422	267,422	-
Talent Search	-	354,263	354,263	-
Adult Education Critical Needs	-	401	401	-
Adult Education EL/Civics	-	14,555	14,555	-
Adult Education	-	180,419	180,419	-
Responsible Fatherhood	-	376,061	376,061	-
EFSP	-	12,162	12,162	-
Workforce Investment	-	57,692	57,692	-
Aging Programs	-	678,100	678,100	-
	$ -	$ 16,652,946	$ 16,652,946	$ -

Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 155,700	$ -	$ -	$ 155,700
Construction In Progress	200,093	111,340	(198,093)	113,340
Total Capital Assets Not Being Depreciated	355,793	111,340	(198,093)	269,040
Capital assets being depreciated				
Buildings and improvements	7,005,653	213,604	-	7,219,257
Other fixed assets	3,077,182	109,645	(45,197)	3,141,630
Total capital assets being depreciated	10,082,835	323,249	(45,197)	10,360,887
Less accumulated depreciation for				
Buildings and improvements	(2,204,674)	-	(237,037)	(2,441,711)
Other fixed assets	(2,840,623)	45,197	(70,032)	(2,865,458)
Total accumulated depreciation	(5,045,297)	45,197	(307,069)	(5,307,169)
Total capital assets being depreciated, net	5,037,538	368,446	(352,266)	5,053,718
Capital assets, net	$ 5,393,331	$ 479,786	$ (550,359)	$ 5,322,758

Analysis of overall financial position

The majority of Douglas-Cherokee Economic Authority's funding is from Federal and State grants. The agency has also been able to tap into various other local resources for funding dollars as well. During fiscal year 2015, the Agency had an approximate increase in Federal funds by $487,387 and a decrease in State funds by $(193,871). Funds from other income increased by approximately $524,735, the majority of this increase was due to two refinances in Rental Management. The outlook for the future of the Agency is good. As of June 30, 2015 sequestration cuts to federal programs have been restored to pre-sequestration funding levels. DCEA continues to assess the needs of the communities served and endeavors to find ways to meet those needs.

Discretely Presented Component Units and HUD Housing Complexes

Over the last 20 years, the DCEA Board of Directors has sponsored the construction and operation of HUD housing complexes for persons over 60 and/or disabled. The complex boards provide for the oversight and management of each complex. As a part of the management, the complex boards have engaged the services of DCEA to provide the management and day to day operations of the facilities. HUD and other funders establish a fee to be paid for this oversight and management responsibility. The Agency has included forty-five groups of financial statements and combined and summarized these statements into Discretely Presented Component Units. This number decreased from previous year due to refinancing and merging certain entities together. DCEA has management agreements with sixty complexes, but only those organizations evaluated as component units are included in the financial statements. For additional financial information on the component units please refer to each component unit's individual audit report.

Presently, DCEA has management agreements with the following complexes:

Project Name	City	County	Number of Units	Owner Corporation
Alpine Village	Johnson City	Washington	39	Crockett Homes
Auburn Hills	Oak Ridge	Anderson	41	Aspen Homes
Autumn Village	Rutledge	Grainger	24	Volunteer Residences-Two, Inc.
Beaver Run	Bristol	Sullivan	20	Holston Homes for the Elderly
Breckenridge	Sevierville	Sevier	11	Volunteer Housing Development
Brookvale Garden	Etowah	McMinn	16	Mountain View Homes for Elderly
Brookwood Terrace	Wartburg	Morgan	24	Volunteer Homes for Elderly
Cambridge Apts	Rutledge	Grainger	11	Cambridge Homes
Cherry Hill Apts	Spring City	Rhea	31	Volunteer Residences One
College Park	Morristown	Hamblen	45	Volunteer Residences-Two, Inc.
Commons for Seniors	Seymour	Sevier	20	Chatham Homes for Elderly
Dogwood Terrace I	Knoxville	Knox	50	Overlook Sr. Citizens Housing - Knox
Dogwood Terrace II	Sweetwater	Monroe	25	Overlook Sr. Citizens Housing - Monroe
Dogwood Terrace III	Lenoir City	Loudon	20	Overlook Sr. Citizens Housing - Loudon
Douglas Residence	Jefferson City	Jefferson	13	East TN Homes for Elderly
Franklin Place	Elizabethton	Carter	47	Brookhaven Homes
Friendship Manor	Kingsport	Sullivan	38	Appalachian Homes for Elderly
Gateway Village	Sevierville	Sevier	35	Volunteer Housing Development
Greenbriar Village	Rogersville	Hawkins	41	Holston Homes for Elderly
Greenbriar Village Annex	Rogersville	Hawkins	8	Volunteer Housing Management
Heritage Hills	Huntsville	Scott	30	Volunteer Housing Development
Heritage Oaks	Cleveland	Bradley	41	East TN Homes for Elderly
Heritage Oaks Annex	Cleveland	Bradley	11	Colombia Homes for Elderly
Highland Manor	Monteray	Putnam	23	Woodbridge Homes for Elderly
Highland Manor II	Monteray	Putnam	11	Highland Homes for the Elderly, Inc.
Holly Hills	Livingston	Overton	25	Cumberland Homes for Elderly
Holston Hills	Rogersville	Hawkins	38	Waterford Homes for Elderly
KC Home	Morristown	Hamblen	10	Knights of Columbus Management
Lakeway Annex	Bean Station	Grainger	11	Volunteer Housing Development
Lakeway Apts	Bean Station	Grainger	11	Volunteer Housing Development
Lakewood Village	Kingston	Roane	43	Volunteer Homes for Elderly
LeConte Terrace	Sevierville	Sevier	36	Stanford Homes for Elderly
Lincoln Park	Morristown	Hamblen	11	Paragon Homes for Elderly
Lincoln Park Annex	Morristown	Hamblen	12	Oxford Homes for Elderly

Discretely Presented Component Units and HUD Housing Complexes (Continued)

Project Name	City	County	Number of Units	Owner Corporation
Meadow Creek	Pigeon Forge	Sevier	50	Pine Mountain Housing
Meadowood Park	Erwin	Unicoi	40	Holston Homes for the Elderly
Mill Creek Apt	Rutledge	Grainger	22	Volunteer Housing Development
Mountain Grove	Livingston	Overton	15	Monticello Housing Development
Oak Hills Annex	Sparta	White	19	Horizon Homes for Elderly
Oak Hills Apts	Sparta	White	24	Sierra Homes for Elderly
Old Saybrook	Madisonville	Monroe	48	Volunteer Housing Development
Park Place Apts	Cleveland	Bradley	11	Riverton Homes for Elderly
Park Place Annex	Cleveland	Bradley	20	Portage Homes for Elderly
Pleasant Hill Apts	Sparta	White	14	Aztec Homes for Elderly
Renaissance Square	Seymour	Sevier	50	Trinity Homes for Elderly
Riverpark	Sevierville	Sevier	47	Riverpark Apartments
Riverpark II	Sevierville	Sevier	50	Riverpark Apartments
Roy J. Messer	White Pine	Jefferson	12	Wellington Homes for Elderly
Sequoyah Village	Madisonville	Monroe	40	Volunteer Residences-Two, Inc.
Springbrook	Vonore	Monroe	24	East TN Homes for Elderly
Stanford Place	Cleveland	Bradley	12	Hermitage Homes for Elderly
Victory House	Knoxville	Knox	8	Victory House
Village Green Apts	Huntsville	Scott	8	Summit Homes for Elderly
Walnut Creek	Benton	Polk	24	Landmark Homes for Elderly
Westminster	Oneida	Scott	40	Volunteer Homes for Elderly
Winfield Ridge	Winfield	Scott	11	Volunteer Housing Management
Woodland Park	Sevierville	Sevier	55	Heartland Homes for Elderly
Woodland Place	Johnson City	Washington	30	Phoenix Homes for Elderly
Woodridge Annex	Greeneville	Greene	5	Stockbridge Homes for Elderly
Woodridge Apts	Greeneville	Greene	15	Greystone Homes for Elderly
		Total Units	1,566	

Discretely Presented Component Units Net Position

The combined balance sheets of our discretely presented component units are as follows:

	2014	2015
Current Assets	$ 1,129,584	$ 1,261,561
Restricted Deposits and Funded Reserves	6,716,035	6,693,091
Capital Assets	43,013,107	44,019,316
Other Non-Current Assets	1,759,076	2,162,749
Total Assets	52,617,802	54,136,717
Current Liabilities	1,876,772	1,688,178
Tenant Security Deposits	326,973	333,918
Long-term Liabilities	64,000,252	66,615,249
Total Liabilities	66,203,997	68,637,345
Net Assets:		
Invested in Capital Assets, Net of Related Debt	(21,581,753)	(22,990,823)
Unrestricted	7,995,558	8,490,195
Total Net Position	$ (13,586,195)	$ (14,500,628)

Discretely Presented Component Units Changes in Net Position

Summarized statements of activities for the component units are as follows:

	2014	2015
Revenues		
Rent Revenue less vacancies	$ 6,119,403	$ 6,492,117
Financial Revenue	2,317	2,815
Other Revenue	315,811	160,997
Total Revenues	6,437,531	6,655,929
Administrative Expense	1,587,598	1,589,199
Utilities Expense	1,469,993	1,581,969
Operating and Maintenance Expense	1,121,329	1,133,202
Taxes and Insurance Expense	637,735	688,604
Other Expense	2,326	2,739
Resident Activities	317	405
Financial Expenses	919,037	814,306
Amortization	-	9,085
Depreciation	1,605,818	1,748,523
Total Expenses	7,344,153	7,568,032
Change in unrestricted net position	(906,622)	(912,103)
Extraordinary Item	(129,845)	-
Unrestricted Net Assets (Deficit) at Beginning of Year	(12,003,322)	(12,722,736)
Merged Projects	(636,956)	(865,789)
Contributed Capital	90,550	-
Net Deficit at End of Year	$ (13,586,195)	$ (14,500,628)

Contacting the Agency's Financial Management

This financial report is designed to provide citizens and interested parties with a general overview of Douglas-Cherokee Economic Authority, Inc.'s financial position, and to demonstrate accountability for the revenues it receives. Questions regarding this report or requests for additional financial information should be addressed to Douglas-Cherokee Economic Authority, Inc., PO Box 1218, Morristown, TN 37816.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Statement of Net Position
June 30, 2015

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash	$ 3,855,639	$ 817,529
Certificate of deposit	368,172	-
Accounts receivable	300,565	243,175
Due from component units and other receivable	615,453	-
Grants receivable	1,059,725	-
Prepaid expense	47,918	200,857
Total current assets	6,247,472	1,261,561
Restricted Deposits and Funded Reserves	-	6,693,091
Capital Assets		
Land	155,700	3,732,718
Construction work in process	113,340	-
Other capital assets, net	5,053,718	40,286,598
Total capital assets	5,322,758	44,019,316
Other Non-Current Assets	738,062	2,162,749
Total Assets	12,308,292	54,136,717
DEFERRED OUTFLOWS OF RESOURCES		
Pension	675,180	-
LIABILITIES		
Current Liabilities		
Accounts payable	$ 355,366	$ 922,818
Accrued payroll and other accruals	624,377	-
Accrued management fees	-	236,231
Notes payable, current portion	18,000	394,890
Accrued interest	-	31,157
Other accrued payables	139,046	89,165
Advances	-	13,917
Accrued leave	249,616	-
Total current liabilities	1,386,405	1,688,178
Tenant Security Deposits	-	333,918
Long-term Liabilities		
Notes payable and advances	28,000	66,615,249
Total liabilities	1,414,405	68,637,345
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	27,287	-
Pension	1,564,365	-
Total deferred inflows of resources	1,591,652	-
NET POSITION		-
Net investment in capital assets	5,276,758	(22,990,823)
Restricted	27,114	-
Unrestricted	4,673,543	8,490,195
Total net position	9,977,415	(14,500,628)

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Statement of Activities
Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues: Charges for Services and Other	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Total	Component Units
Primary Government						
Governmental activities						
21st Century LC	$ 742,684	$ -	$ 742,684	$ -	$ -	
LEAP	200,413	-	200,413	-	-	
CSBG	668,636	-	668,636	-	-	
Direct appropriation	22,050	-	22,050	-	-	
LIHEAP	2,865,201	-	2,865,201	-	-	
Commodities	82,014	-	82,014	-	-	
Head Start/Early	8,132,967	-	8,132,967	-	-	
Child & Adult Food	588,576	-	588,576	-	-	
Voluntary Pre K	121,391	-	121,391	-	-	
Community Based Abstinence	90,430	-	90,430	-	-	
Teen Pregnancy Prevention	644,677	-	644,677	-	-	
Educational Opportunity Centers	216,112	-	216,112	-	-	
Upward Bound:						
Scott/Morgan	336,720	-	336,720	-	-	
Grainger/Hawkins	267,422	-	267,422	-	-	
Talent Search	354,263	-	354,263	-	-	
Adult Education	180,419	-	180,419	-	-	
Adult Education EL/Civis	14,555	-	14,555	-	-	
Adult Education Critical Needs	401	-	401	-	-	
Responsible Fatherhood	376,061	-	376,061	-	-	
EFSP	12,162	-	12,162	-	-	
Workforce Investment	57,692	-	57,692	-	-	
Aging Programs	678,100	-	678,100	-	-	
General Fund	1,778,422	2,958,995	200,391	1,380,964	1,380,964	
Total primary government	$ 18,431,368	$ 2,958,995	$ 16,853,337	$ 1,380,964	$ 1,380,964	
Component Units						
Housing	$ 7,568,032	$ 6,655,929	$ -	$ -	$ -	$ (912,103)
Change in net position				1,380,964	1,380,964	(912,103)
Transfer of net position				-	-	(865,789)
Net position - beginning, restated				8,596,451	8,596,451	(12,722,736)
Net position - ending				$ 9,977,415	$ 9,977,415	$ (14,500,628)

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Totals
ASSETS			
Current Assets			
Cash	$ 3,855,639	$ -	$ 3,855,639
Certificate of deposit	368,172	-	368,172
Accounts receivable	300,565	-	300,565
Due from component units and other	615,453	-	615,453
Grants receivable	-	1,059,725	1,059,725
Prepaids	-	47,918	47,918
Due from grant funds	724,990	-	724,990
Total current assets	5,864,819	1,107,643	6,972,462
Total assets	$ 5,864,819	$ 1,107,643	$ 6,972,462
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ 355,366	$ 355,366
Accrued payroll and other accruals	624,377	-	624,377
Other payable	139,046	-	139,046
Due to general fund	-	724,990	724,990
Accrued leave	249,616	-	249,616
Total liabilities	1,013,039	1,080,356	2,093,395
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	-	27,287	27,287
Fund Balances			
Nonspendable:			
Prepaids	47,918	-	47,918
Restricted for:			-
Santa Fund	27,114	-	27,114
Assigned to:			
Volunteer Housing	3,252,604	-	3,252,604
Unassigned:	1,524,144	-	1,524,144
Total fund balances	4,851,780	-	4,851,780
Total liabilities, deferred inflows of resources and fund balances	$ 5,864,819	$ 1,107,643	$ 6,972,462

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances	$ 4,851,780
Capital assets and notes payable used in governmental activities are not financial resources and therefore are not reported in the funds.	5,276,758
Net pension asset and applicable deferred outflows of resources and deferred inflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds.	(151,123)
Net position of governmental activities	$ 9,977,415

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Totals
REVENUES			
Federal financial assistance	$ -	$ 16,207,097	$ 16,207,097
State financial assistance	-	445,849	445,849
Local contributions	200,391	-	200,391
Program income	58,916	-	58,916
Other income	2,900,079	-	2,900,079
Total revenues	3,159,386	16,652,946	19,812,332
EXPENDITURES			
Salaries and wages	1,171,830	7,502,885	8,674,715
Fringe benefits	342,625	2,302,867	2,645,492
Professional services	184,614	62,482	247,096
Supplies	49,055	355,200	404,255
Communications	10,384	204,310	214,694
Postage and shipping	6,874	15,428	22,302
Occupancy	60,524	700,630	761,154
Equipment rental/maintenance	2,937	20,983	23,920
Printing and publications	8,198	82,437	90,635
Travel	20,624	378,698	399,322
Staff development and training	20,971	40,647	61,618
Debt service			
Principal	18,000	-	18,000
Interest	480	-	480
Insurance	33,461	98,698	132,159
Assistance to individuals	32,494	2,981,716	3,014,210
Contracted services	13,592	72,789	86,381
Raw food	99,149	732,577	831,726
Miscellaneous	32,193	90,712	122,905
Capital expenditure	220,210	139,325	359,535
Indirect costs	136,074	870,562	1,006,636
Total expenditures	2,464,289	16,652,946	19,117,235
Revenues over expenditures	695,097	-	695,097
Fund balance, beginning of year	4,156,683	-	4,156,683
Fund balance, end of year	$ 4,851,780	$ -	$ 4,851,780

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
June 30, 2015

Net change in fund balances - total governmental funds	$ 695,097
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report principal payments on long-term debt as expenditures. However in the statement of activities, only the interest component of debt service is included as an expenditure.	18,000
Net change in pension assets and expenditures that are deferred or capitalized for the statement of activities	738,440
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(70,573)
Change in net position of governmental activities	$ 1,380,964

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Balance Sheets
June 30, 2015

	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly	Greystone Homes for Elderly, Inc.	Heartland Homes for Elderly, Inc.	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.
Current Assets															
Cash	$ 7,205	$ 3,945	$ 5,539	$ 2,401	$ 7,967	$ 8,204	$ 8,651	$ 17,330	$ 10,821	$ 66,193	$ 21,705	$ 19,855	$ 771	$ 17,307	$ 2,608
Prepaid Expenses	5,238	8,274	842	4,198	1,097	2,210	229	395	2,954	28,855	2,093	2,295	2,989	38,305	3,514
Accounts Receivable	2,136	-	-	680	-	-	-	-	-	-	1,734	-	-	2,750	9,915
Total Current Assets	14,579	12,219	6,381	7,279	9,064	10,414	8,880	17,725	13,775	95,048	25,532	22,150	3,760	58,362	16,037
Deposits Held in Trust															
Tenant Security Deposits	10,126	10,643	3,127	12,124	2,852	6,128	2,289	10,041	6,360	17,591	4,004	15,636	2,785	24,290	4,413
Deposits and Reserves															
Mortgage Escrow Deposits	10,369	4,364	2,750	9,648	1,536	5,443	5,716	13,981	7,059	19,154	3,909	16,155	1,167	20,208	2,503
Berkadia Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacements Reserve-Securities	89,820	246,936	43,754	112,360	20,358	111,326	22,396	58,275	102,937	100,748	39,356	146,027	24,724	219,040	73,528
Replacement Reserve Berkadia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Berkadia Residual Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair Reserve	-	-	-	-	-	-	-	-	-	382,709	-	-	-	688,505	-
Residual Receipts Reserve	81,869	52,805	2,336	-	1,953	16,985	5,328	96,562	11,885	20,009	11,296	95,829	5,714	9,791	61,417
Service Coordinator Prepayment	-	-	-	-	-	-	-	-	-	69,652	-	-	-	-	-
Required Minimum Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Deposits	192,184	314,748	51,967	134,132	26,699	139,882	35,729	178,859	128,241	609,863	58,565	273,647	34,390	961,834	141,861
Property and Equipment															
Land	90,000	117,998	-	85,000	27,448	105,000	37,029	250,100	52,450	175,546	55,500	214,157	56,000	224,647	41,969
Buildings	1,967,064	1,486,063	1,152,709	2,656,349	612,940	1,849,344	572,176	2,277,793	1,273,274	2,562,468	876,873	2,494,536	713,155	3,098,125	1,013,366
Furnishings and equipment	10,609	40,335	1,134	12,703	5,812	11,832	17,266	77,726	9,976	74,568	4,211	12,455	2,291	47,459	33,961
Total P&E	2,067,673	1,644,396	1,153,843	2,754,052	646,200	1,966,176	626,471	2,605,619	1,335,700	2,812,582	936,584	2,721,148	771,446	3,370,231	1,089,296
Accumulated Depreciation	(729,962)	(820,239)	(154,434)	(956,220)	(209,025)	(330,418)	(212,464)	(590,200)	(535,954)	(1,625,665)	(205,249)	(1,230,265)	(178,493)	(2,059,856)	(396,664)
Net Property & Equipment	1,337,711	824,157	999,409	1,797,832	437,175	1,635,758	414,007	2,015,419	799,746	1,186,917	731,335	1,490,883	592,953	1,310,375	692,632
Other Assets	-	-	-	-	-	-	-	-	-	888,758	-	5,990	2,100	710,426	-
Total Assets	$ 1,544,474	$ 1,151,124	$ 1,057,757	$ 1,939,243	$ 472,938	$ 1,786,054	$ 458,616	$ 2,212,003	$ 941,762	$ 2,780,586	$ 815,432	$ 1,792,670	$ 633,203	$ 3,040,997	$ 850,530
Current Liabilities															
Accounts Payable	$ 10,834	$ 52,918	$ 6,059	$ 27,324	$ 4,822	$ 9,960	$ 5,333	$ 20,955	$ 8,641	$ 25,479	$ 18,878	$ 14,589	$ 5,590	$ 202,439	$ 17,952
Accrued Management Fees	1,897	15,238	119	18,691	514	906	2,408	300	844	2,997	673	2,004	612	5,035	5,166
Accrued Bookkeeping Fees	-	-	-	-	-	-	231	-	-	-	-	-	-	-	399
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	11,128	-
Mortgage Payable (short term)	-	-	-	-	-	-	-	-	-	46,401	-	-	-	57,334	-
Advances from Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Deferred Credits	-	-	-	-	-	-	-	212	-	-	-	-	-	-	-
Other Accrued Expenses	8,274	2,244	2,552	8,752	-	4,150	-	-	4,389	6,249	3,388	10,168	-	7,420	-
Total Current Liabilities	21,005	70,400	8,730	54,767	5,336	15,016	7,972	21,467	13,874	81,126	22,939	26,761	6,202	283,356	23,517
Deposits Liabilities															
Tenant Security Deposits	10,126	10,643	3,127	12,124	2,852	6,128	2,289	10,041	6,360	17,591	4,004	15,636	2,785	24,290	4,413
Long Term Liabilities															
Mortgage Payable	-	-	-	-	-	-	-	-	-	3,324,482	-	-	-	3,768,803	-
THDA Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUD Capital Advance	-	-	-	-	-	-	-	2,540,400	-	-	-	-	-	-	-
Capital Advance	2,063,300	1,717,900	1,130,800	2,751,200	639,500	1,962,500	610,600	-	1,338,800	-	934,300	2,556,000	764,500	-	1,050,000
Advances, Long-Term	-	-	-	18,814	-	-	-	-	-	-	21,425	-	-	-	-
Service Coordinator prepayment	-	-	-	-	-	-	-	-	-	69,589	-	-	-	-	-
Other Advances and Loans	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	51,136
Total Long Term Liabilities	2,063,300	1,717,900	1,130,800	2,770,014	639,500	1,962,500	610,600	2,590,400	1,338,800	3,394,071	955,725	2,556,000	764,500	3,768,803	1,101,136
Total Liabilities	2,094,431	1,798,943	1,142,657	2,836,905	647,688	1,983,644	620,861	2,621,908	1,359,034	3,492,788	982,668	2,598,397	773,487	4,076,449	1,129,066
Net Assets (Deficit)	(549,957)	(647,819)	(84,900)	(897,662)	(174,750)	(197,590)	(162,245)	(409,905)	(417,272)	(712,202)	(167,236)	(805,727)	(140,284)	(1,035,452)	(278,536)
Total Liabilities and Net Assets	$ 1,544,474	$ 1,151,124	$ 1,057,757	$ 1,939,243	$ 472,938	$ 1,786,054	$ 458,616	$ 2,212,003	$ 941,762	$ 2,780,586	$ 815,432	$ 1,792,670	$ 633,203	$ 3,040,997	$ 850,530

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Balance Sheets
June 30, 2015

	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.	Mountainview Homes for Elderly, Inc.	Overlook Senior Citizen Housing of Knox County, Inc.	Overlook Senior Citizen Housing of Loudon County, Inc.	Overlook Senior Citizen Housing of Monroe County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.	Phoenix Homes for Elderly, Inc.	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.
Current Assets																
Cash	$ 5,560	$ 2,587	$ 21,193	$ 46,535	$ 1,488	$ 15,130	$ 6,882	$ 796	$ 2,337	$ 9,103	$ 5,904	$ 2,931	$ 2,489	$ 4,803	$ 2,584	$ 14,676
Prepaid Expenses	2,262	2,951	2,010	11,461	248	5,464	498	2,072	3,171	4,518	1,871	1,835	1,539	-	-	5,460
Accounts Receivable	-	-	-	-	-	-	625	-	-	3,315	-	5,732	4,391	-	-	-
Total Current Assets	7,822	5,538	23,203	57,996	1,736	20,594	8,005	2,868	5,508	16,936	7,775	10,498	8,419	4,803	2,584	20,136
Deposits Held in Trust																
Tenant Security Deposits	6,375	3,938	3,091	13,360	4,598	5,729	2,934	2,561	6,285	5,939	3,510	5,508	9,855	1,377	1,555	13,669
Deposits and Reserves																
Mortgage Escrow Deposits	7,231	3,107	5,738	7,809	5,894	5,723	2,471	557	9,100	5,046	818	7,559	12,847	1,657	111	9,772
Berkadia Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacements Reserve-Securities	30,557	243,411	28,716	54,948	46,034	40,878	29,494	38,305	31,925	108,682	37,266	102,388	195,722	10,177	18,984	73,743
Replacement Reserve Berkadia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Berkadia Residual Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Receipts Reserve	-	4,520	-	12,564	-	12,962	33,008	7,875	-	22,993	-	48,838	111,329	337	-	118,158
Service Coordinator Prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Minimum Investment	-	-	-	-	-	-	-	-	-	9,847	-	-	-	-	-	-
Total Deposits	44,163	254,976	37,545	88,681	56,526	65,292	67,907	49,298	47,310	152,507	41,594	164,293	329,753	13,548	20,650	215,342
Property and Equipment																
Land	67,355	50,020	40,000	102,732	34,467	23,997	25,700	55,995	81,674	17,260	11,369	54,680	175,000	25,000	55,000	245,000
Buildings	963,911	1,283,359	815,176	1,491,844	603,478	728,938	611,067	559,542	1,516,067	1,734,242	932,132	1,052,908	2,241,910	534,129	779,933	3,062,969
Furnishings and equipment	23,131	13,997	21,877	20,119	8,242	19,234	24,435	14,441	11,553	44,289	18,820	16,191	33,207	793	9,890	58,731
Total P&E	1,054,397	1,347,376	877,053	1,614,695	646,187	772,169	661,202	629,978	1,609,294	1,795,791	962,321	1,123,779	2,450,117	559,922	844,823	3,366,700
Accumulated Depreciation	(502,721)	(234,376)	(363,711)	(1,057,090)	(397,372)	(492,045)	(214,307)	(233,079)	(586,904)	(268,650)	(173,073)	(495,333)	(654,334)	(57,141)	(102,468)	(680,908)
Net Property & Equipment	551,676	1,113,000	513,342	557,605	248,815	280,124	446,895	396,899	1,022,390	1,527,141	789,248	628,446	1,795,783	502,781	742,355	2,685,792
Other Assets	-	-	435	-	4,384	-	-	60	-	5,000	2,600	-	-	-	-	5,500
Total Assets	$ 603,661	$ 1,373,514	$ 574,525	$ 704,282	$ 311,461	$ 366,010	$ 522,807	$ 449,125	$ 1,075,208	$ 1,701,584	$ 841,217	$ 803,237	$ 2,133,955	$ 521,132	$ 765,589	$ 2,926,770
Current Liabilities																
Accounts Payable	$ 9,069	$ 8,218	$ 8,258	$ 18,406	$ 23,354	$ 5,764	$ 8,628	$ 8,314	$ 12,883	$ 14,328	$ 6,085	$ 9,836	$ 28,534	$ 6,178	$ 8,385	$ 25,756
Accrued Management Fees	2,016	2,036	25,191	2,803	11,685	1,515	173	76	3,234	2,391	-	-	3,949	504	2,273	-
Accrued Bookkeeping Fees	-	-	1,536	-	900	-	-	33	-	60	-	-	324	-	-	-
Accrued Interest Payable	-	-	-	7,745	3,167	4,408	-	-	-	-	-	-	-	-	-	-
Mortgage Payable (short term)	-	-	-	50,246	16,129	17,940	-	-	-	-	-	-	-	-	-	-
Advances from Management	-	-	10,394	-	2,050	-	-	-	-	-	-	-	-	-	-	-
Rent Deferred Credits	-	-	-	-	-	-	-	-		-	-	-	268	-	-	-
Other Accrued Expenses	5,733	2,838	-	-	-	-	-	-	5,641	-	-	4,080	-	-	-	-
Total Current Liabilities	16,818	13,092	45,379	79,200	57,285	29,627	8,801	8,423	21,758	16,779	6,085	13,916	33,075	6,682	10,658	25,756
Deposits Liabilities																
Tenant Security Deposits	6,375	3,938	3,091	13,360	4,598	5,729	2,934	2,561	6,285	5,939	3,510	5,508	9,855	1,377	1,555	13,669
Long Term Liabilities																
Mortgage Payable	-	-	-	954,452	437,646	553,897	-	-	-	-	-	-	-	-	-	-
THDA Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUD Capital Advance	-	-	-	-	-	-	655,400	586,600	-	1,804,700	972,200	-	2,591,700	-	-	3,270,300
Capital Advance	1,062,100	1,494,100	858,500	-	-	-	-	-	1,532,200	-	-	1,146,200	-	557,200	811,800	-
Advances, Long-Term	13,443	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Coordinator prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Advances and Loans	-	-	-	-	-	-	-	-	-	70,616	-	-	-	-	4,450	100,000
Total Long Term Liabilities	1,075,543	1,494,100	858,500	954,452	437,646	553,897	655,400	586,600	1,532,200	1,875,316	972,200	1,146,200	2,591,700	557,200	816,250	3,370,300
Total Liabilities	1,098,736	1,511,130	906,970	1,047,012	499,529	589,253	667,135	597,584	1,560,243	1,898,034	981,795	1,165,624	2,634,630	565,259	828,463	3,409,725
Net Assets (Deficit)	(495,075)	(137,616)	(332,445)	(342,730)	(188,068)	(223,243)	(144,328)	(148,459)	(485,035)	(196,450)	(140,578)	(362,387)	(500,675)	(44,127)	(62,874)	(482,955)
Total Liabilities and Net Assets	$ 603,661	$ 1,373,514	$ 574,525	$ 704,282	$ 311,461	$ 366,010	$ 522,807	$ 449,125	$ 1,075,208	$ 1,701,584	$ 841,217	$ 803,237	$ 2,133,955	$ 521,132	$ 765,589	$ 2,926,770

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Balance Sheets
June 30, 2015

	Volunteer Homes for Elderly, Inc.	Volunteer Housing Development Corporation	Volunteer Residences Two, Inc	Volunteer Housing - Gateway Village Apartments	Volunteer Housing - Breckenridge Apartments	Volunteer Housing - Heritage Hills Apartments	Volunteer Housing - Mill Creek Apartments	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Total
Current Assets															
Cash	$ 18,547	$ 164,181	$ 66,682	$ 40,422	$ 49,134	$ 51,316	$ 16,318	$ 2,366	$ 19,568	$ 5,155	$ 22,192	$ 3,249	$ 9,741	$ 3,158	$ 817,529
Prepaid Expenses	24,143	-	-	4,954	107	594	1,953	6,601	47	2,674	866	1,585	5,465	3,020	200,857
Accounts Receivable	7,614	182,607	-	-	-	6,950	2,192	12,294	240	-	-	-	-	-	243,175
Total Current Assets	50,304	346,788	66,682	45,376	49,241	58,860	20,463	21,261	19,855	7,829	23,058	4,834	15,206	6,178	1,261,561
Deposits Held in Trust															
Tenant Security Deposits	21,114	-	26,445	6,132	3,157	4,496	3,838	13,752	3,637	8,442	8,944	3,066	5,322	2,952	333,990
Deposits and Reserves															
Mortgage Escrow Deposits	43,526	-	1,304	11,629	2,668	6,856	2,862	16,337	3,675	7,918	12,376	1,942	4,732	2,510	327,737
Berkadia Escrow Deposits	-	-	37,399	-	-	-	-	-	-	-	-	-	-	-	37,399
Replacements Reserve-Securities	249,737	-	-	173,436	12,416	55,070	109,899	18,913	8,137	86,036	102,976	26,477	47,801	147,554	3,541,267
Replacement Reserve Berkadia	-	-	404,731	-	-	-	-	-	-	-	-	-	-	-	404,731
Berkadia Residual Receipts	-	-	7,979	-	-	-	-	-	-	-	-	-	-	-	7,979
Repair Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,071,214
Residual Receipts Reserve	487	-	-	24,442	-	-	-	-	-	-	-	-	12,003	-	883,295
Service Coordinator Prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,652
Required Minimum Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	5,980	15,827
Total Deposits	314,864	-	477,858	215,639	18,241	66,422	116,599	49,002	15,449	102,396	124,296	31,485	69,858	158,996	6,693,091
Property and Equipment															
Land	335,765	144,220	207,854	63,117	-	39,300	-	54,150	-	54,300	80,044	22,375	73,500	60,000	3,732,718
Buildings	4,825,073	482,542	4,714,151	739,554	800,865	1,050,203	853,030	1,542,170	846,133	1,237,823	2,153,779	574,434	1,164,526	1,046,284	65,548,407
Furnishings and equipment	322,577	7,818	272,642	188,593	3,464	33,684	25,260	103,431	1,860	42,551	18,710	20,800	10,673	5,000	1,758,351
Total P&E	5,483,415	634,580	5,194,647	991,264	804,329	1,123,187	878,290	1,699,751	847,993	1,334,674	2,252,533	617,609	1,248,699	1,111,284	71,039,476
Accumulated Depreciation	(2,357,878)	(149,745)	(2,781,853)	(808,113)	(220,206)	(549,839)	(405,490)	(783,548)	(126,065)	(641,326)	(640,618)	(273,513)	(479,514)	(53,832)	(27,020,160)
Net Property & Equipment	3,125,537	484,835	2,412,794	183,151	584,123	573,348	472,800	916,203	721,928	693,348	1,611,915	344,096	769,185	1,057,452	44,019,316
Other Assets	198,228	-	334,378	86	-	1,937	2,042	-	-	-	-	825	-	-	2,162,749
Total Assets	$ 3,688,933	$ 831,623	$ 3,291,712	$ 444,252	$ 651,605	$ 700,567	$ 611,904	$ 986,466	$ 757,232	$ 803,573	$ 1,759,269	$ 381,240	$ 854,249	$ 1,222,626	54,136,717
Current Liabilities															
Accounts Payable	$ 44,574	$ 113	$ 101,096	$ 7,434	$ 3,100	$ 4,989	$ 6,757	$ 53,456	$ 3,108	$ 18,258	$ 23,081	$ 8,240	$ 6,557	$ 8,286	922,818
Accrued Management Fees	8,836	-	-	-	55	82	-	91,175	343	4,912	1,617	6,974	1,080	546	230,870
Accrued Bookkeeping Fees	-	-	1,074	-	-	-	-	-	-	372	-	432	-	-	5,361
Accrued Interest Payable	-	-	-	-	-	1,279	1,319	2,111	-	-	-	-	-	-	31,157
Mortgage Payable (short term)	85,419	-	67,008	-	15,258	10,857	6,306	13,345	8,647	-	-	-	-	-	394,890
Advances from Management	-	-	-	-	-	-	-	-	-	-	-	1,473	-	-	13,917
Rent Deferred Credits	-	-	-	-	-	-	-	-	-	461	-	-	-	-	941
Other Accrued Expenses	1,196	-	-	220	-	-	-	-	-	-	5,941	-	4,989	-	88,224
Total Current Liabilities	140,025	113	169,178	7,654	18,413	17,207	14,382	160,087	12,098	24,003	30,639	17,119	12,626	8,832	1,688,178
Deposits Liabilities															
Tenant Security Deposits	21,114	-	26,435	6,132	3,157	4,496	3,838	13,780	3,637	8,442	8,944	3,066	5,322	2,862	333,918
Long Term Liabilities															
Mortgage Payable	4,650,957	-	4,067,122	-	144,505	885,506	796,051	1,359,566	147,325	-	-	-	-	-	21,090,312
THDA Capital Advance	-	-	-	-	500,000	-	-	-	500,000	-	-	-	-	-	1,000,000
HUD Capital Advance	-	-	-	-	-	-	-	-	-	1,373,800	-	-	-	1,184,900	14,980,000
Capital Advance	-	-	-	-	-	-	-	-	-	-	2,191,300	603,600	1,215,000	-	28,991,400
Advances, Long-Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,682
Service Coordinator prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,589
Other Advances and Loans	-	-	-	100,000	-	-	-	-	-	-	54,064	-	-	-	430,266
Total Long Term Liabilities	4,650,957	-	4,067,122	100,000	644,505	885,506	796,051	1,359,566	647,325	1,373,800	2,245,364	603,600	1,215,000	1,184,900	66,615,249
Total Liabilities	4,812,096	113	4,262,735	113,786	666,075	907,209	814,271	1,533,433	663,060	1,406,245	2,284,947	623,785	1,232,948	1,196,594	68,637,345
Net Assets (Deficit)	(1,123,163)	831,510	(971,023)	330,466	(14,470)	(206,642)	(202,367)	(546,967)	94,172	(602,672)	(525,678)	(242,545)	(378,699)	26,032	(14,500,628)
Total Liabilities and Net Assets	$ 3,688,933	$ 831,623	$ 3,291,712	$ 444,252	$ 651,605	$ 700,567	$ 611,904	$ 986,466	$ 757,232	$ 803,573	$ 1,759,269	$ 381,240	$ 854,249	$ 1,222,626	$ 54,136,717

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Units
Statements of Activities
June 30, 2015

	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly	Greystone Homes for Elderly, Inc.	Heartland Homes for Elderly, Inc.
Revenues												
Rent Revenue less vacancies	$ 155,064	$ 195,861	$ 54,632	$ 184,049	$ 48,970	$ 84,586	$ 55,028	$ 153,241	$ 105,998	$ 393,161	$ 69,151	$ 207,267
Financial Revenue	87	87	35	15	10	267	15	33	60	71	21	119
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	2,153	2,344	1,230	2,479	762	919	725	2,039	1,860	13,763	1,096	2,167
Total Revenues	157,304	198,292	55,897	186,543	49,742	85,772	55,768	155,313	107,918	406,995	70,268	209,553
Administrative Expense	45,948	52,763	19,002	52,392	13,924	26,947	13,520	43,118	34,101	69,240	22,633	51,812
Utilities Expense	43,327	121,219	18,225	65,046	15,973	29,161	14,740	38,249	25,490	68,716	14,142	61,233
Operating and Maintenance Expense	34,099	34,377	6,243	41,743	7,222	13,746	11,871	25,032	18,473	43,542	18,631	32,689
Taxes and Insurance Expense	18,559	15,888	7,669	20,504	4,094	12,350	4,510	24,355	16,236	26,390	7,204	26,281
Other Expense	-	-	-	-	-	-	50	1,273	-	-	-	-
Resident Activities	-	-	-	-	-	-	-	-	-	-	-	-
Financial Expenses	-	-	-	-	-	-	-	-	-	138,526	-	-
Amortization	-	-	-	-	-	-	-	-	-	2,191	-	-
Depreciation	50,070	37,693	28,964	67,151	15,849	47,890	16,147	56,642	34,406	74,827	21,869	69,260
Total Expenses	192,003	261,940	80,103	246,836	57,062	130,094	60,838	188,669	128,706	423,432	84,479	241,275
Change in unrestricted net assets	(34,699)	(63,648)	(24,206)	(60,293)	(7,320)	(44,322)	(5,070)	(33,356)	(20,788)	(16,437)	(14,211)	(31,722)
Unrestricted Net Assets												
(Deficit) at Beginning of Year, restated	(515,258)	(584,171)	(60,694)	(837,369)	(167,430)	(153,268)	(157,175)	(376,549)	(396,484)	(361,127)	(153,025)	(774,005)
Unrestricted Net Assets from Merged Projects												
Douglas Residences	-	-	-	-	-	-	-	-	-	(86,998)	-	-
Springbrook	-	-	-	-	-	-	-	-	-	(247,640)	-	-
Beaver Run	-	-	-	-	-	-	-	-	-	-	-	-
Meadowood Park	-	-	-	-	-	-	-	-	-	-	-	-
Total from merged projects	-	-	-	-	-	-	-	-	-	(334,638)	-	-
Net Assets												
Net Assets (Deficit) at End of Year	$ (549,957)	$ (647,819)	$ (84,900)	$ (897,662)	$ (174,750)	$ (197,590)	$ (162,245)	$ (409,905)	$ (417,272)	$ (712,202)	$ (167,236)	$ (805,727)

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Units
Statements of Activities
June 30, 2015

	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.	Mountainview Homes for Elderly, Inc.	Overlook Senior Citizen Housing of Knox County, Inc.	Overlook Senior Citizen Housing of Loudon County, Inc.	Overlook Senior Citizen Housing of Monroe County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.	Phoenix Homes for Elderly, Inc.
Revenues												
Rent Revenue less vacancies	$ 47,965	$ 340,541	$ 73,253	$ 134,029	$ 55,634	$ 86,230	$ 350,909	$ 135,606	$ 160,897	$ 55,458	$ 50,285	$ 150,868
Financial Revenue	-	53	69	3	24	16	87	24	20	25	22	16
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	1,642	17,312	1,433	894	1,623	18,014	2,231	699	1,245	-	1,910	847
Total Revenues	49,607	357,906	74,755	134,926	57,281	104,260	353,227	136,329	162,162	55,483	52,217	151,731
Administrative Expense	17,905	77,981	22,832	33,743	20,098	32,074	50,365	26,347	23,609	15,590	16,753	48,229
Utilities Expense	13,537	67,846	26,394	26,740	17,940	15,775	69,533	27,391	25,105	14,926	16,826	34,139
Operating and Maintenance Expense	15,526	85,421	10,726	21,015	8,355	17,324	43,465	25,441	22,281	9,780	9,861	32,336
Taxes and Insurance Expense	4,759	25,787	9,267	16,676	8,594	12,287	16,059	11,433	8,152	4,953	5,762	18,389
Other Expense	-	-	95	-	-	-	-	-	-	57	45	-
Resident Activities	-	-	-	-	-	128	-	-	-	-	-	-
Financial Expenses	-	109,144	-	-	-	-	94,910	38,582	53,600	-	-	-
Amortization	-	1,073	-	-	-	-	-	-	-	-	-	-
Depreciation	17,861	82,456	25,609	24,197	33,848	23,298	37,650	13,987	17,989	17,385	16,214	40,122
Total Expenses	69,588	449,708	94,923	122,371	88,835	100,886	311,982	143,181	150,736	62,691	65,461	173,215
Change in unrestricted net assets	(19,981)	(91,802)	(20,168)	12,555	(31,554)	3,374	41,245	(6,852)	11,426	(7,208)	(13,244)	(21,484)
Unrestricted Net Assets												
(Deficit) at Beginning of Year, restated	(120,303)	(412,499)	(258,368)	(507,630)	(106,062)	(335,819)	(383,975)	(181,216)	(234,669)	(137,120)	(135,215)	(463,551)
Unrestricted Net Assets from Merged Projects												
Douglas Residences	-	-	-	-	-	-	-	-	-	-	-	-
Springbrook	-	-	-	-	-	-	-	-	-	-	-	-
Beaver Run	-	(149,911)	-	-	-	-	-	-	-	-	-	-
Meadowood Park	-	(381,240)	-	-	-	-	-	-	-	-	-	-
Total from merged projects	-	(531,151)	-	-	-	-	-	-	-	-	-	-
Net Assets												
Net Assets (Deficit) at End of Year	$ (140,284)	$ (1,035,452)	$ (278,536)	$ (495,075)	$ (137,616)	$ (332,445)	$ (342,730)	$ (188,068)	$ (223,243)	$ (144,328)	$ (148,459)	$ (485,035)

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Units
Statements of Activities
June 30, 2015

	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.	Volunteer Homes for Elderly, Inc.	Volunteer Housing Development Corporation	Volunteer Residence II	Volunteer Housing - Gateway Village Apartments
Revenues											
Rent Revenue less vacancies	$ 81,808	$ 57,643	$ 102,357	$ 123,644	$ 23,942	$ 38,721	$ 197,924	$ 683,676	$ -	$ 638,845	$ 195,800
Financial Revenue	365	3	16	117	72	159	36	142	-	237	94
Grant Revenue	-	-	-	-	-	-	-	-	30,030	-	-
Other Revenue	600	2,199	1,217	2,453	438	135	4,182	3,077	301	13,790	3,587
Total Revenues	82,773	59,845	103,590	126,214	24,452	39,015	202,142	686,895	30,331	652,872	199,481
Administrative Expense	22,540	17,894	29,813	44,047	11,427	17,280	47,172	114,346	20,407	100,839	41,717
Utilities Expense	18,563	9,548	32,423	38,375	6,008	9,151	81,941	156,321	-	131,715	17,001
Operating and Maintenance Expense	21,761	13,855	11,487	20,833	5,536	4,374	44,441	60,580	18,157	81,326	55,615
Taxes and Insurance Expense	12,579	5,027	12,300	22,164	1,851	5,156	21,127	47,762	2,822	96,681	21,633
Other Expense	110	74	-	30	-	-	-	-	-	329	-
Resident Activities	-	-	-	-	-	-	-	-	-	-	-
Financial Expenses	-	-	-	-	-	-	-	174,453	-	134,294	-
Amortization	-	-	-	-	-	-	-	5,821	-	-	-
Depreciation	51,073	23,592	27,071	59,320	13,445	21,300	77,632	143,529	15,490	114,857	23,823
Total Expenses	126,626	69,990	113,094	184,769	38,267	57,261	272,313	702,812	56,876	660,041	159,789
Change in unrestricted net assets	(43,853)	(10,145)	(9,504)	(58,555)	(13,815)	(18,246)	(70,171)	(15,917)	(26,545)	(7,169)	39,692
Unrestricted Net Assets											
(Deficit) at Beginning of Year, restated	(152,597)	(130,433)	(352,883)	(442,120)	(30,312)	(44,628)	(412,784)	(1,107,246)	858,055	(963,854)	290,774
Unrestricted Net Assets from Merged Projects											
Douglas Residences	-	-	-	-	-	-	-	-	-	-	-
Springbrook	-	-	-	-	-	-	-	-	-	-	-
Beaver Run	-	-	-	-	-	-	-	-	-	-	-
Meadowood Park	-	-	-	-	-	-	-	-	-	-	-
Total from merged projects	-	-	-	-	-	-	-	-	-	-	-
Net Assets											
Net Assets (Deficit) at End of Year	$ (196,450)	$ (140,578)	$ (362,387)	$ (500,675)	$ (44,127)	$ (62,874)	$ (482,955)	$ (1,123,163)	$ 831,510	$ (971,023)	$ 330,466

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Units
Statements of Activities
June 30, 2015

	Volunteer Housing - Breckenridge Apartments	Volunteer Housing - Heritage Hills Apartments	Volunteer Housing - Mill Creek Apartments	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Total
Revenues											
Rent Revenue less vacancies	$ 52,255	$ 121,232	$ 114,808	$ 184,549	$ 42,467	$ 132,428	$ 151,596	$ 54,764	$ 100,208	$ 44,767	$ 6,492,117
Financial Revenue	-	22	54	13	-	47	12	2	26	219	2,815
Grant Revenue	-	-	-	-	-	-	-	-	-	-	30,030
Other Revenue	912	1,573	1,312	7,637	946	2,172	2,515	675	958	901	130,967
Total Revenues	53,167	122,827	116,174	192,199	43,413	134,647	154,123	55,441	101,192	45,887	6,655,929
Administrative Expense	11,922	28,882	31,239	49,234	13,938	39,038	54,230	19,317	27,764	15,227	1,589,199
Utilities Expense	4,297	3,694	31,091	10,089	675	50,870	47,454	18,367	28,636	14,077	1,581,969
Operating and Maintenance Expense	9,627	37,043	16,140	53,143	4,167	29,652	23,125	8,401	17,868	6,872	1,133,202
Taxes and Insurance Expense	4,482	11,916	11,367	26,981	3,847	14,760	18,172	4,667	13,133	4,019	688,604
Other Expense	-	444	129	-	-	-	-	103	-	-	2,739
Resident Activities	-	-	-	-	-	277	-	-	-	-	405
Financial Expenses	3,405	15,752	16,119	30,229	5,292	-	-	-	-	-	814,306
Amortization	-	-	-	-	-	-	-	-	-	-	9,085
Depreciation	20,410	34,115	24,025	40,454	21,525	35,162	54,990	17,312	31,098	26,916	1,748,523
Total Expenses	54,143	131,846	130,110	210,130	49,444	169,759	197,971	68,167	118,499	67,111	7,568,032
Change in unrestricted net assets	(976)	(9,019)	(13,936)	(17,931)	(6,031)	(35,112)	(43,848)	(12,726)	(17,307)	(21,224)	(912,103)
Unrestricted Net Assets											
(Deficit) at Beginning of Year, restated	(13,494)	(197,623)	(188,431)	(529,036)	100,203	(567,560)	(481,830)	(229,819)	(361,392)	47,256	(12,722,736)
Unrestricted Net Assets from Merged Projects											
Douglas Residences	-	-	-	-	-	-	-	-	-	-	(86,998)
Springbrook	-	-	-	-	-	-	-	-	-	-	(247,640)
Beaver Run	-	-	-	-	-	-	-	-	-	-	(149,911)
Meadowood Park	-	-	-	-	-	-	-	-	-	-	(381,240)
Total from merged projects	-	-	-	-	-	-	-	-	-	-	(865,789)
											-
Net Assets											-
Net Assets (Deficit) at End of Year	$ (14,470)	$ (206,642)	$ (202,367)	$ (546,967)	$ 94,172	$ (602,672)	$ (525,678)	$ (242,545)	$ (378,699)	$ 26,032	$ (14,500,628)

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Statements of Cash Flows
June 30, 2015

Cash Flows from Operating Activities	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly	Greystone Homes for Elderly, Inc.
Cash Receipts											
Rental Receipts	$ 155,064	$ 195,861	$ 55,207	$ 183,369	$ 48,970	$ 84,586	$ 55,028	$ 153,261	$ 105,998	$ 393,161	$ 80,452
Other Receipts	2,240	2,431	1,265	2,494	772	1,186	740	2,072	1,920	3,819	1,117
	157,304	198,292	56,472	185,863	49,742	85,772	55,768	155,333	107,918	396,980	81,569
Cash Disbursements											
Administrative	9,596	11,445	5,786	11,567	5,862	13,162	4,871	10,545	10,881	23,233	7,432
Management Fees	21,780	13,279	6,156	33,563	6,200	10,082	5,466	17,724	13,173	43,934	8,674
Utilities	42,633	110,675	18,155	63,658	15,973	29,132	14,734	38,572	25,595	67,974	14,339
Salaries and Wages	20,572	19,272	8,289	22,868	2,792	13,690	3,260	13,939	14,193	36,390	6,360
Operating and Maintenance	28,030	22,233	4,731	35,402	5,789	7,353	11,594	23,534	12,500	42,441	9,726
Real Estate Taxes	8,726	6,132	2,398	8,172	-	4,528	-	8,940	9,204	6,213	2,314
Property Insurance	7,203	8,732	3,259	5,568	2,644	3,445	2,472	6,066	6,126	14,118	3,270
Miscellaneous Taxes and Other	3,701	4,135	1,888	6,656	1,390	4,770	2,037	9,224	5,710	11,119	1,132
Other Service Expense	-	-	-	-	-	-	113	1,117	-	-	-
Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-
Mortgage Ins Premium	-	-	-	-	-	-	-	-	-	37,036	-
Service Coordinator Expense	-	-	-	-	-	-	-	-	-	-	-
Interest on mortgage	-	-	-	-	-	-	-	-	-	135,350	-
	142,241	195,903	50,662	187,454	40,650	86,162	44,547	129,661	97,382	417,808	53,247
Net Cashflows from Operating Activities	15,063	2,389	5,810	(1,591)	9,092	(390)	11,221	25,672	10,536	(20,828)	28,322
Cash Flows from Investing Activities											
Net deposits	(10,575)	(398)	(2,221)	3,084	(193)	500	(4,114)	14,752	6,243	(388,252)	(8,315)
Net purchase of fixed assets	-	-	(634)	(1,221)	(3,500)	-	(1,021)	(30,622)	(12,050)	-	(634)
Construction in Progress	-	-	-	-	-	-	-	-	-	(733,059)	-
Net Cashflows from Investing Activities	(10,575)	(398)	(2,855)	1,863	(3,693)	500	(5,135)	(15,870)	(5,807)	(1,121,311)	(8,949)
Cash Flows from Financing Activities											
Mortgage principal payments	-	-	-	-	-	-	-	-	-	(36,082)	-
Loan Fees	-	-	-	-	-	-	-	-	-	-	-
Proceeds from New Mortgage	-	-	-	-	-	-	-	-	-	3,393,400	-
Mortgage Financing Costs	-	-	-	-	-	-	-	-	-	(117,816)	-
Principal Payoff of prior Mortgages	-	-	-	-	-	-	-	-	-	(2,038,351)	-
Advance from Management	-	-	-	-	-	-	-	-	-	(10,032)	-
Construction Costs	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows from Financing Activities	-	-	-	-	-	-	-	-	-	1,191,119	-
Net Increase (Decrease) in Cash	4,488	1,991	2,955	272	5,399	110	6,086	9,802	4,729	48,980	19,373
Cash at the Beginning of Period	2,717	1,954	2,584	2,129	2,568	8,094	2,565	7,528	6,092	17,213	2,332
Cash at End of Period	$ 7,205	$ 3,945	$ 5,539	$ 2,401	$ 7,967	$ 8,204	$ 8,651	$ 17,330	$ 10,821	$ 66,193	$ 21,705
Cash Flows From Operating Activities											
Change in Net Assets	$ (34,699)	$ (63,648)	$ (24,206)	$ (60,293)	$ (7,320)	$ (44,322)	$ (5,070)	$ (33,356)	$ (20,788)	$ (16,437)	$ (14,211)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:											
Depreciation	50,070	37,693	28,964	67,151	15,849	47,890	16,147	56,642	34,406	74,827	21,869
Amortization	-	-	-	-	-	-	-	-	-	2,191	-
Increase or Decrease In:											
Accounts Receivable	-	-	574	(680)	-	-	-	-	-	-	11,301
Cash restricted for tenant security deposit	377	(393)	(276)	(633)	112	(30)	-	-	235	375	550
Accounts Payable	526	23,078	272	(3,332)	547	(3,619)	325	2,151	1,424	(16,408)	8,616
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	(14,208)	-
Accrued Liabilities/Expenses and other	(123)	7,039	206	(5,106)	16	(339)	(181)	215	(4,506)	(27,704)	1,370
Prepaid Rent/Expenses	(711)	(1,773)	-	669			-	20	-	(23,089)	(623)
Net deposits to residual receipts	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fees	-	-	-	-	-	-	-	-	-	-	-
Tenant Security Deposits	(377)	393	276	633	(112)	30	-	-	(235)	(375)	(550)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
Advances from Management	-	-	-	-	-	-	-	-	-	-	-
	49,762	66,037	30,016	58,702	16,412	43,932	16,291	59,028	31,324	(4,391)	42,533
Net Cashflows from Operating Activities	$ 15,063	$ 2,389	$ 5,810	$ (1,591)	$ 9,092	$ (390)	$ 11,221	$ 25,672	$ 10,536	$ (20,828)	$ 28,322
Supplemental Disclosures of Cash Flow Information:											
Fixed assets through accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,100
Interest Paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Statements of Cash Flows
June 30, 2015

Cash Flows from Operating Activities	Heartland Homes for Elderly, Inc.	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.	Mountainvie w Homes for Elderly, Inc.	Overlook Senior Citizen Housing of Knox County, Inc.	Overlook Senior Citizen Housing of Loudon County, Inc.	Overlook Senior Citizen Housing of Monroe County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.
Cash Receipts												
Rental Receipts	$ 207,267	$ 47,965	$ 341,509	$ 67,866	$ 134,029	$ 55,634	$ 86,230	$ 339,822	$ 129,103	$ 161,910	$ 55,458	$ 50,285
Other Receipts	2,286	1,642	18,292	1,502	897	1,647	18,029	2,612	723	1,265	25	1,932
	209,553	49,607	359,801	69,368	134,926	57,281	104,259	342,434	129,826	163,175	55,483	52,217
Cash Disbursements												
Administrative	11,067	6,796	18,002	6,288	10,640	6,494	13,153	21,540	7,719	14,145	6,579	9,313
Management Fees	25,542	5,783	38,878	6,995	35,318	4,800	10,507	23,436	6,520	9,472	5,277	6,371
Utilities	61,236	12,293	70,861	26,000	31,093	17,998	16,997	70,166	27,759	25,128	14,722	16,868
Salaries and Wages	14,429	4,703	47,959	5,155	15,039	9,442	7,862	27,134	7,016	5,513	3,575	3,899
Operating and Maintenance	28,952	15,807	87,033	9,311	19,171	4,864	20,358	30,170	21,072	24,259	9,709	9,022
Real Estate Taxes	10,169	-	8,351	3,580	4,030	3,204	5,856	-	3,537	-	-	322
Property Insurance	10,135	2,931	8,208	4,085	5,380	2,813	2,984	7,644	3,294	5,244	2,211	2,704
Miscellaneous Taxes and Other	6,548	2,519	11,389	1,147	7,714	3,084	5,403	8,429	3,506	2,924	2,582	3,047
Other Service Expense	-	-	-	95	-	-	214	-	-	-	(132)	45
Tenant Security Deposits	-	-	(391)	-	-	-	-	-	-	-	-	-
Mortgage Ins Premium	-	-	38,355	-	-	-	-	-	-	-	-	-
Service Coordinator Expense	-	-	15,275	-	-	-	-	-	-	-	-	-
Interest on mortgage	-	-	102,834	-	-	-	-	95,263	35,415	53,726	-	-
	168,078	50,832	446,754	62,656	128,385	52,699	83,334	283,782	115,838	140,411	44,523	51,591
Net Cashflows from Operating Activities	41,475	(1,225)	(86,953)	6,712	6,541	4,582	20,925	58,652	13,988	22,764	10,960	626
Cash Flows from Investing Activities												
Net deposits	(26,863)	(3,008)	(819,979)	(4,176)	(233)	1,803	(6,391)	17,963	2,804	(7,943)	(4,969)	(2,246)
Net purchase of fixed assets	(6,500)	(634)	(5,763)	(2,700)	(3,684)	(4,975)	-	(6,000)	-	-	(1,023)	(1,123)
Construction in Progress	-	-	(559,739)	-	-	-	-	-	-	-	-	-
Net Cashflows from Investing Activities	(33,363)	(3,642)	(1,385,481)	(6,876)	(3,917)	(3,172)	(6,391)	11,963	2,804	(7,943)	(5,992)	(3,369)
Cash Flows from Financing Activities												
Mortgage principal payments	-	-	(32,695)	-	-	-	-	-	(14,306)	(16,361)	-	-
Loan Fees	-	-	-	-	-	-	-	-	(4,384)	-	-	-
Proceeds from New Mortgage	-	-	3,835,500	-	-	-	-	-	-	-	-	-
Mortgage Financing Costs	-	-	(129,181)	-	-	-	-	-	-	-	-	-
Principal Payoff of prior Mortgages	-	-	(2,365,616)	-	-	-	-	(45,822)	-	-	-	-
Advance from Management	-	-	-	-	-	-	-	-	1,000	-	-	-
Construction Costs	-	-	161,190	-	-	-	-	-	-	-	-	-
Net Cashflows from Financing Activities	-	-	1,469,198	-	-	-	-	(45,822)	(17,690)	(16,361)	-	-
Net Increase (Decrease) in Cash	8,112	(4,867)	(3,236)	(164)	2,624	1,410	14,534	24,793	(898)	(1,540)	4,968	(2,743)
Cash at the Beginning of Period	11,743	5,638	20,543	2,772	2,936	1,177	6,659	21,742	2,386	16,670	1,914	3,539
Cash at End of Period	$ 19,855	$ 771	$ 17,307	$ 2,608	$ 5,560	$ 2,587	$ 21,193	$ 46,535	$ 1,488	$ 15,130	$ 6,882	$ 796
Cash Flows From Operating Activities												
Change in Net Assets	$ (31,722)	$ (19,981)	$ (91,802)	$ (20,168)	$ 12,555	$ (31,554)	$ 3,374	$ 41,245	$ (6,852)	$ 11,426	$ (7,208)	$ (13,244)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:												
Depreciation	69,260	17,861	82,456	25,609	24,197	33,848	23,298	37,650	13,987	17,989	17,385	16,214
Amortization	-	-	1,073	-	-	-	-	-	-	-	-	-
Increase or Decrease In:												
Accounts Receivable	-	-	1,141	(2,568)	-	-	-	-	-	1,013	-	-
Cash restricted for tenant security deposit	372	431	279	-	(714)	(85)	-	(190)	-	(72)	-	-
Accounts Payable	4,414	1,037	(24,647)	2,096	(13,484)	1,799	(4,552)	4,059	7,764	(3,207)	707	(1,984)
Accrued Interest Payable	-	-	(4,026)	-	-	-	-	(353)	-	(126)	-	-
Accrued Liabilities/Expenses and other	112	541	(15,310)	1,743	(16,727)	1,132	(905)	(1,307)	5,592	1,133	76	23
Prepaid Rent/Expenses	(589)	(683)	(36,229)	-	-	(643)	(290)	(10,928)	(6,503)	(5,464)		(383)
Net deposits to residual receipts	-	-	-	-	-	-	-	(11,714)	-	-	-	-
Accrued Management Fees	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Security Deposits	(372)	(431)	112	-	714	85	-	190	-	72	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Advances from Management	-	-	-	-	-	-	-	-	-	-	-	-
	73,197	18,756	4,849	26,880	(6,014)	36,136	17,551	17,407	20,840	11,338	18,168	13,870
Net Cashflows from Operating Activities	$ 41,475	$ (1,225)	$ (86,953)	$ 6,712	$ 6,541	$ 4,582	$ 20,925	$ 58,652	$ 13,988	$ 22,764	$ 10,960	$ 626
Supplemental Disclosures of Cash Flow Information:												
Fixed assets through accounts payable	$ -	$ -	$ 3,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,415	$ -	$ -	$ -

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Statements of Cash Flows
June 30, 2015

Cash Flows from Operating Activities	Phoenix Homes for Elderly, Inc.	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.	Volunteer Homes for Elderly, Inc.	Volunteer Housing Development Corporation	Volunteer Residences II
Cash Receipts											
Rental Receipts	$ 150,868	$ 78,493	$ 57,643	$ 102,357	$ 123,846	$ 23,942	$ 38,721	$ 197,924	$ 679,187	$ 78,450	$ 638,845
Other Receipts	863	965	2,202	1,233	2,570	510	294	4,218	3,219	-	14,027
	151,731	79,458	59,845	103,590	126,416	24,452	39,015	202,142	682,406	78,450	652,872
Cash Disbursements											
Administrative	11,031	7,919	5,635	4,131	10,420	5,167	6,504	10,912	28,126	20,294	19,061
Management Fees	22,738	8,658	9,235	17,750	16,896	2,773	3,194	22,776	51,789	-	50,787
Utilities	34,634	18,706	9,553	32,080	37,952	5,904	9,091	81,537	153,084	-	134,746
Salaries and Wages	13,629	6,553	5,699	15,910	16,377	2,016	7,442	13,048	67,888	-	36,374
Operating and Maintenance	31,201	24,996	13,597	9,493	20,643	3,755	3,023	39,964	50,421	18,157	80,740
Real Estate Taxes	7,221	7,845	-	3,575	7,053	-	-	7,484	1,239	-	-
Property Insurance	6,841	5,426	2,390	5,123	6,901	1,407	1,866	7,854	25,162	-	55,421
Miscellaneous Taxes and Other	4,897	3,543	3,183	3,720	5,949	500	3,408	6,930	21,708	2,822	49,139
Other Service Expense	-	110	75	-	31	-	-	-	-	-	352
Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	-
Mortgage Ins Premium	-	-	-	-	-	-	-	-	21,297	-	-
Service Coordinator Expense	-	-	-	-	-	-	-	-	-	-	-
Interest on mortgage	-	-	-	-	-	-	-	-	137,230	-	134,294
	132,192	83,756	49,367	91,782	122,222	21,522	34,528	190,505	557,944	41,273	560,914
Net Cashflows from Operating Activities	19,539	(4,298)	10,478	11,808	4,194	2,930	4,487	11,637	124,462	37,177	91,958
Cash Flows from Investing Activities											
Net deposits	(12,473)	(4,312)	(5,640)	(7,798)	7,636	(2,236)	(3,457)	(9,461)	695,247	-	605,916
Net purchase of fixed assets	(9,300)	-	(3,563)	(4,420)	(12,480)	-	-	(1,532)	-	-	(601,721)
Construction in Progress	-	-	-	-	-	-	-	-	(756,231)	-	-
Net Cashflows from Investing Activities	(21,773)	(4,312)	(9,203)	(12,218)	(4,844)	(2,236)	(3,457)	(10,993)	(60,984)	-	4,195
Cash Flows from Financing Activities											
Mortgage principal payments	-	-	-	-	-	-	-	-	(83,005)	-	(67,008)
Loan Fees	-	-	-	-	-	-	-	-	-	-	-
Proceeds from New Mortgage	-	-	-	-	-	-	-	-	-	-	-
Mortgage Financing Costs	-	-	-	-	-	-	-	-	-	-	-
Principal Payoff of prior Mortgages	-	-	-	-	-	-	-	-	-	-	-
Advance from Management	-	-	-	-	-	-	-	-	-	-	-
Construction Costs	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows from Financing Activities	-	-	-	-	-	-	-	-	(83,005)	-	(67,008)
Net Increase (Decrease) in Cash	(2,234)	(8,610)	1,275	(410)	(650)	694	1,030	644	(19,527)	37,177	29,145
Cash at the Beginning of Period	4,571	17,713	4,629	3,341	3,139	4,109	1,554	14,032	38,074	127,004	37,537
Cash at End of Period	$ 2,337	$ 9,103	$ 5,904	$ 2,931	$ 2,489	$ 4,803	$ 2,584	$ 14,676	$ 18,547	$ 164,181	$ 66,682
Cash Flows From Operating Activities											
Change in Net Assets	$ (21,484)	$ (43,853)	$ (10,145)	$ (9,504)	$ (58,555)	$ (13,815)	$ (18,246)	$ (70,171)	$ (15,917)	$ (26,545)	$ (7,169)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:											
Depreciation	40,122	51,073	23,592	27,071	59,320	13,445	21,300	77,632	143,529	15,490	114,857
Amortization	-	-	-	-	-	-	-	-	5,821	-	-
Increase or Decrease In:											
Accounts Receivable	-	(3,315)	-	-	(66)	2,690	-	-	(4,489)	48,119	-
Cash restricted for tenant security deposit	810	-	-	45	-	-	(40)	-	(2,560)	-	-
Accounts Payable	1,109	(7,943)	(951)	(2,238)	4,309	945	352	5,253	(16,759)	113	(4,701)
Accrued Interest Payable		-	-	(2,962)	-	-	-	-	-	-	-
Accrued Liabilities/Expenses and other	1,408	30	(1,854)	-	(1,082)	(335)	1,081	(649)	(5,736)	-	(11,029)
Prepaid Rent/Expenses	(616)	(290)	(164)	(559)	268			(428)	18,013		-
Net deposits to residual receipts	-	-	-	-	-	-	-	-	-	-	-
Accrued Management Fees	-	-	-	-	-	-	-	-	-	-	-
Tenant Security Deposits	(810)	-	-	(45)	-	-	40	-	2,560	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
Advances from Management	(1,000)	-	-	-	-	-	-	-	-	-	-
	41,023	39,555	20,623	21,312	62,749	16,745	22,733	81,808	140,379	63,722	99,127
Net Cashflows from Operating Activities	$ 19,539	$ (4,298)	$ 10,478	$ 11,808	$ 4,194	$ 2,930	$ 4,487	$ 11,637	$ 124,462	$ 37,177	$ 91,958
Supplemental Disclosures of Cash Flow Information:											
Fixed assets through accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,999	$ -	$ -
Interest Paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 134,294

See accompanying notes to the financial statements.

(continued)

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Component Unit Statements of Cash Flows
June 30, 2015

Cash Flows from Operating Activities	Volunteer Housing - Gateway Village Apartments	Volunteer Housing - Breckenridge Apartments	Volunteer Housing - Heritage Hills Apartments	Volunteer Housing - Mill Creek Apartments	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Total
Cash Receipts												
Rental Receipts	$ 195,596	$ 52,255	$ 120,763	$ 115,363	$ 176,193	$ 42,582	$ 132,888	$ 151,596	$ 54,764	$ 100,208	$ 44,767	$ 6,545,286
Other Receipts	3,681	912	1,595	1,365	7,733	946	2,219	2,527	677	984	1,120	124,768
	199,277	53,167	122,358	116,728	183,926	43,528	135,107	154,123	55,441	101,192	45,887	6,670,054.00
Cash Disbursements												
Administrative	10,878	4,781	8,322	8,808	10,611	15,207	10,634	17,316	6,954	8,042	6,599	483,468
Management Fees	16,407	4,431	15,705	11,610	17,685	3,941	14,896	20,042	6,437	11,722	5,820	694,222
Utilities	16,158	4,246	3,709	29,354	10,684	731	50,824	47,118	18,236	28,580	14,190	1,573,678
Salaries and Wages	14,787	2,983	4,964	11,224	11,256	2,565	12,276	22,837	3,496	11,238	3,465	599,378
Operating and Maintenance	56,662	9,452	37,150	15,638	53,357	3,999	32,239	49,959	8,920	14,096	6,897	1,067,420
Real Estate Taxes	7,943	-	688	-	12,231	-	4,670	5,677	135	5,012	-	166,449
Property Insurance	6,636	2,903	6,483	4,656	8,455	1,980	5,946	6,813	3,175	5,882	3,203	295,059
Miscellaneous Taxes and Other	7,614	1,545	4,766	6,729	6,704	1,823	3,939	5,433	1,536	2,252	959	259,153
Other Service Expense	-	-	496	239	-	-	286	-	103	-	-	3,144
Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-	(29)	(420)
Mortgage Ins Premium	-	-	-	-	-	-	-	-	-	-	-	96,688
Service Coordinator Expense	-	-	-	-	-	-	-	-	-	-	-	15,275
Interest on mortgage	-	3,405	15,711	16,064	30,318	5,292	-	-	-	-	-	764,902
	137,085	33,746	97,994	104,322	161,301	35,538	135,710	175,195	48,992	86,824	41,104	6,018,416
Net Cashflows from Operating Activities	62,192	19,421	24,364	12,406	22,625	7,990	(603)	(21,072)	6,449	14,368	4,783	651,638
Cash Flows from Investing Activities												
Net deposits	(25,835)	(576)	(11,229)	(6,437)	(1,056)	1,537	4,074	31,308	(5,144)	(9,282)	(4,017)	(5,962)
Net purchase of fixed assets	(83,407)	-	(6,129)	-	(9,773)	-	(2,828)	(663)	-	(3,985)	(17,367)	(839,252)
Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	(2,049,029)
Net Cashflows from Investing Activities	(109,242)	(576)	(17,358)	(6,437)	(10,829)	1,537	1,246	30,645	(5,144)	(13,267)	(21,384)	(2,894,243)
Cash Flows from Financing Activities												
Mortgage principal payments	-	(16,893)	(10,173)	(5,904)	(12,274)	(8,381)	-	-	-	-	-	(303,082)
Loan Fees	-	-	-	-	-	-	-	-	-	-	-	(4,384)
Proceeds from New Mortgage	-	-	-	-	-	-	-	-	-	-	-	7,228,900
Mortgage Financing Costs	-	-	-	-	-	-	-	-	-	-	-	(246,997)
Principal Payoff of prior Mortgages	-	-	-	-	-	-	-	-	-	-	-	(4,449,789)
Advance from Management	-	-	-	-	-	-	-	-	-	-	-	(9,032)
Construction Costs	-	-	-	-	-	-	-	-	-	-	-	161,190
Net Cashflows from Financing Activities	-	(16,893)	(10,173)	(5,904)	(12,274)	(8,381)	-	-	-	-	-	2,376,806
Net Increase (Decrease) in Cash	(47,050)	1,952	(3,167)	65	(478)	1,146	643	9,573	1,305	1,101	(16,601)	134,201
Cash at the Beginning of Period	87,472	47,182	54,483	16,253	2,844	18,422	4,512	12,619	1,944	8,640	19,759	683,328
Cash at End of Period	$ 40,422	$ 49,134	$ 51,316	$ 16,318	$ 2,366	$ 19,568	$ 5,155	$ 22,192	$ 3,249	$ 9,741	$ 3,158	$ 817,529
Cash Flows From Operating Activities												
Change in Net Assets	$ 39,692	$ (976)	$ (9,019)	$ (13,936)	$ (17,931)	$ (6,031)	$ (35,112)	$ (43,848)	$ (12,726)	$ (17,307)	$ (21,224)	$ (912,103)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:												
Depreciation	23,823	20,410	34,211	24,116	40,454	21,525	35,162	54,990	17,312	31,098	26,916	1,748,710
Amortization	-	-	-	-	-	-	-	-	-	-	-	9,085
Increase or Decrease In:												
Accounts Receivable	-	-	(469)	555	(8,356)	115	-	-	-	-	-	45,565
Cash restricted for tenant security deposit	-	-	-	-	82	-	-	267	-	62	(225)	(1,221)
Accounts Payable	(817)	14	(214)	1,003	3,063	(7,653)	(2,539)	(32,959)	682	(324)	(597)	(73,270)
Accrued Interest Payable	-	-	(55)	(36)	(89)	-	-	-	-	-		(21,855)
Accrued Liabilities/Expenses and other	121	(27)	-	-	-	-	1,425	211	1,414	901	(341)	(67,472)
Prepaid Rent/Expenses	(627)	-	-	-	(673)	-	461		(233)	.	-	(72,067)
Net deposits to residual receipts	-	-	-	-	-	-	-	-	-	-	-	(11,714)
Accrued Management Fees	-	-	(90)	704	6,075	34	-	-	-	-	-	6,723
Tenant Security Deposits	-	-	-	-	-	-	-	(267)	-	(62)	254	1,723
Other Adjustments	-	-	-	-	-	-	-	534	-	-	-	534
Advances from Management	-	-	-	-	-	-	-	-	-	-	-	(1,000)
	22,500	20,397	33,383	26,342	40,556	14,021	34,509	22,776	19,175	31,675	26,007	1,563,741
Net Cashflows from Operating Activities	$ 62,192	$ 19,421	$ 24,364	$ 12,406	$ 22,625	$ 7,990	$ (603)	$ (21,072)	$ 6,449	$ 14,368	$ 4,783	$ 651,638
Supplemental Disclosures of Cash Flow Information:												
Fixed assets through accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,598	$ -	$ -	$ -	$ 24,697
Interest Paid	$ -	$ 3,405	$ 15,711	$ 16,064	$ 25,918	$ 5,292	$ -	$ -	$ -	$ -	$ -	$ 236,099

See accompanying notes to the financial statements.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The accompanying financial statements present the activities of Douglas-Cherokee Economic Authority, Inc. (the "Agency").

The Agency has a number of component units, all of which are HUD housing complexes, which are included in these financial statements. Those component units are described in greater detail in note 14 to the financial statements.

Government-Wide And Fund Financial Statements - The government-wide statement of net assets and the statement of activities display information about the Agency. These statements include the financial activities of the overall Agency. Governmental activities generally are financed through grantor contributions and local contributions.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

Fund Balance Items - The Agency has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Non-spendable items - This category includes items that can not be spent because of their form. Prepaids of $47,918 were in this category at year end.

Restricted items - This category includes fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. The remaining balance in the Santa Fund is included in this category at year end.

Committed items - This category includes fund balances that contain self-imposed constraints of the government from its highest level of decision making authority (e.g., Douglas-Cherokee Economic Authority's Board of Directors). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on funds. There was no balance in this category at year end.

Assigned items - This category includes fund balances that contain self-imposed constraints of the government to be used for a particular purpose from the highest level of decision making authority (e.g. Douglas-Cherokee Economic Authority's Board of Directors). The only assignment was $3,252,604 for Volunteer Housing.

Unassigned items - Represents the remainder of the Agency's fund balance that is not constrained for any particular purpose.

When both restricted and unrestricted fund balances are available for use, it is the Agency's policy to use restricted fund balance first, then use unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The government-wide Statement of Activities reports both the gross and net cost of each of the Agency's functions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants and contributions. Program revenues are primarily grant revenues and contributions. This government-wide focus is more on the sustainability of the Agency as an entity and the changes in the Agency's net assets resulting from the current year's activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Government Fund Financial Statements - Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Under this method, the Agency considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The major sources of revenue are grants, local contributed cash, contributed services and other revenues as discussed below:

Federal & State Grant Revenue - Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding Agency and may result in disallowance in subsequent periods.

Deferred revenue is reported on the combined balance sheet. The Emergency Food and Shelter Agency sends funds in allotments as opposed to the reimbursement method of the majority of the agencies.

Local Contributed Cash - Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants.

Interest Income - Interest income is recorded as earned since it is measurable and available.

Fund Financial Statements - The financial transactions of the Agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The funds are classified as either general or special revenue in the fund financial statements.

General Fund - The general operating fund accounts for all financial resources that are not required to be accounted for in the special revenue funds.

Special Revenue Fund - The special revenue fund accounts for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified in grant agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements - GASB 68, *Accounting and Financial Reporting for Pensions* supersedes existing guidance on financial reporting for defined pension plans found in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*. The Statement affects accounting and financial reporting of pensions by state and local governments, and establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this statement is to clarify accounting and financial reporting for pensions. This statement requires governments to recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability calculated under Statement No.68.

Statements No. 68 and 71 are effective for periods beginning after June 15, 2014. The Agency implemented these standards effective July 1, 2014. The Agency's beginning net position was restated and decreased $889,563 as a result of the implementation of these two standards.

Funding - The primary funding sources for the Agency are federal and state grants. The grant periods may or may not coincide with the Agency's fiscal year. Grants normally are for a twelve month period; however, they may be awarded for periods shorter or longer than twelve months.

The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency has implemented Governmental Accounting Standards Board Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA* pronouncements."

Leave Policies - Employees eligible for leave include (1) full-time employees and (2) part-time employees. Employees accrue annual leave on a prorated basis.

During the first five years of employment, an employee accrues twelve (12) days of vacation leave. During the second five years of employment, an employee accrues eighteen (18) days per year. After ten years and up to 20 years of employment, an employee accrues twenty-one (21) days per year, and after twenty years of employment, twenty-four (24) days per year. Upon termination of employment from the Agency, an employee will be paid for unused vacation leave.

The Agency's sick leave policy permits the accumulation of twelve (12) sick days per year. In a year, a maximum of forty (40) days accumulated leave is available for full-time employees. At the time of retirement from the Agency, all unused accumulated sick time is added to the employee's service time for the purpose of calculating retirement benefits. For part-time employees the number of hours is based on a reduced pro-rated basis. Employees are not paid for unused sick days upon termination of employment.

The liability for accrued leave reported in the government-wide statements consists of unpaid, accumulated annual leave. The liability for accrued leave ($249,616 at June 30, 2015) for governmental fund types, which represents normal accumulations, is all considered to be current.

Capital Assets, Depreciation and Amortization - The Agency's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Agency generally capitalizes assets with cost of $5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 - 50
Improvements, other than buildings	5 - 50
Equipment	3 - 30
Vehicles	3 - 30

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System ("TCRS"), and additions to/deductions from the Agency's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Total Columns - The total columns of the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

Tax-Exempt Status - The Agency is qualified as a tax-exempt Agency under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Interfund Transactions - During the course of operations, the Agency may engage in certain transactions between funds. Interfund transactions are generally eliminated in the financial statements, or are reported as transfers in or out of the applicable fund.

Allocation of Indirect Costs - The Agency allocates indirect expenditures primarily comprised of administration of operating functions necessary to support the Agency's many programs. Such expenses include wages and related benefits, office expenses, and other central administrative services.

Concentrations of Credit Risk - Financial instruments that potentially subject the Agency to concentrations of credit risk consists primarily of accounts receivable. Financing sources are primarily grants from federal and state governmental entities. Management does not believe significant credit risk exists at June 30, 2015.

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.

Date of Managements Review - Management has evaluated events and transactions occurring subsequent to the statement of net position date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the report, which is the date these financial statements were available to be issued.

NOTE 2 - CASH & INVESTMENTS

Deposits (cash and certificates of deposit) are carried at cost, which approximates fair value. At June 30, 2015, the value of the certificates of deposit was $368,172 and the bank balances were $4,228,038

All of the Agency's deposits are covered through FDIC insurance or through their Banks' participation in the Tennessee Bank Collateral Pool.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLE

The following is a summary of inter-fund receivables and payable at June 30, 2015:

	Due from Grant Fund	Due to General Fund
General Fund	$ 724,990	$ -
Grant Funds	-	724,990
Total	$ 724,990	$ 724,990

NOTE 4 - GRANTS RECEIVABLE

Federal and state administered grant receivables consist of receivables for reimbursement of expenditures under various programs and grants. All amounts are expected to be collected within the next year.

NOTE 5 - CAPITAL ASSETS

The Agency's capital assets activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Construction in progress	$ 200,093	$ 111,340	$ (198,093)	$ 113,340
Land	155,700	-	-	155,700
	355,793	111,340	(198,093)	269,040
Capital assets being depreciated				
Buildings and improvements	7,005,653	213,604	-	7,219,257
Other fixed assets	3,077,182	109,645	(45,197)	3,141,630
Total capital assets being depreciated	10,082,835	323,249	(45,197)	10,360,887
Less accumulated depreciation for				
Buildings and improvements	(2,204,674)	-	(237,037)	(2,441,711)
Other fixed assets	(2,840,623)	45,197	(70,032)	(2,865,458)
Total accumulated depreciation	(5,045,297)	45,197	(307,069)	(5,307,169)
Total capital assets being depreciated, net	5,037,538	368,446	(352,266)	5,053,718
Capital assets, net	$ 5,393,331	$ 479,786	$ (550,359)	$ 5,322,758

NOTE 6- NOTES PAYABLE

The Agency also has an interest free $100,000 note to the Grainger County Industrial Development Board to construct an industrial building in Grainger County, and an $80,000 note from Clinch Powell, which bears interest at 2%. Loan payments are due annually, with payment beginning one year after occupancy. The balances of these loans were $30,000 and $16,000, respectively, at June 30, 2015.

An analysis of the current year's long-term debt activity is as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Notes payable	$ 64,000	$ -	$ 18,000	$ 46,000

The maturities of notes payable are estimated as follows:

Year ending June 30:

	Principal	Interest
2016	$ 18,000	$ 320
2017	18,000	160
2018	10,000	-
Total	$ 46,000	$ 480

NOTE 7 - IN-KIND SUPPORT

In-kind support, based on estimated values, is as follows:

Salaries	$ 1,832,713
Travel	2,309
Food	446,441
Supplies	23,505
Rent	1,154,930
Equipment/Usage	13,700
Miscellaneous	135,584
	$ 3,609,182

NOTE 8 - RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Agency carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9 - LITIGATION

The Agency is party to certain legal proceedings which normally occur in governmental operations. Management does not believe that the litigation will have a material adverse impact on the Agency's financial position.

NOTE 10 - FEDERAL AND STATE GRANTS

In the normal course of operations, Douglas-Cherokee Economic Authority, Inc. receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 11- PENSION PLAN

Plan Description

Employees of Douglas-Cherokee Economic Authority (the "Agency") are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members become eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	430
Active employees	335
	847

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Agency makes employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. For the year ended June 30, 2015, employer contributions for the Agency were $675,180 based on a rate of 8.99 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Agency's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

NOTE 11 - PENSION PLAN (Continued)

Net Pension Liability (Asset)

Valuation Date - The Agency's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent.
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study performed for the period of July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Agency will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 - PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 7/1/13	$15,719,635	$14,178,518	$ 1,541,117
Changes for the year:			
Service Cost	538,247	-	538,247
Interest	1,187,525	-	1,187,525
Differences between expected and actual experience	(634,331)	-	(634,331)
Contributions - employer	-	651,554	(651,554)
Contributions - employee	-	368,114	(368,114)
Net investment income	-	2,364,015	(2,364,015)
Benefit payments, including refunds of employee contributions	(848,438)	(848,438)	-
Administrative expense	-	(13,063)	13,063
Net changes	243,003	2,522,182	(2,279,179)
Balance at 6/30/14	$15,962,638	$16,700,700	$ (738,062)

Sensitivity of the net pension liability (asset) changes in the discount rate. The following presents the net position liability (asset) of the Agency calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5) than the current rate:

	1 % Decrease (6.50)	Current Discount Rate (7.50)	1 % Increase (8.50)
Net pension liability (asset)	$ 1,176,156	$ (738,062)	$ (2,338,902)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Agency recognized pension income of $63,260.

For the year ended June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 528,609
Net difference between projected and actual earnings of pension plan investments	-	1,035,756
Contributions subsequent to measurement date of June 30, 2014	675,180	-
Total	$ 675,180	$ 1,564,365

NOTE 11 - PENSION PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (364,661)
2017	(364,661)
2018	(364,661)
2019	(364,661)
2020	(105,721)
Thereafter	-
Total	$ (1,564,365)

Payable to the Pension Plan

At June 30, 2015, the Agency reported a payable of $27,987 for the outstanding amount of contributions to the pension plan at the year ended June 30, 2015.

NOTE 14 - LEASES

The Agency leases various buildings and equipment under operating lease agreements to carry out its activities and to administer its various programs. The Agency paid approximately $250,000 for these leases during the year ended June 30, 2015. The following is a year-by-year schedule of future minimum lease payments required under the existing and extended operating leases:

Year ended June 30:	
2016	100,532
2017	61,407
2018	22,506
2019	16,206
2020	6
Thereafter	56
	$ 200,713

NOTE 15 - COMPONENT UNITS

The Agency's Board of Directors has sponsored the construction and operation of HUD housing complexes for persons over 60 and/or disabled. After the completion of construction and as a part of the sponsorship agreement, it is the responsibility of the Agency's Board to organize and appoint the governing boards. The complex boards provide for the oversight and management of each complex. As a part of the management, the complex boards have engaged the services of the Agency to provide the management for the facilities. HUD and other funders establish a fee to be paid for this oversight and management responsibility. The financial statements of these component units are not included with these financial statements. Financial statements for the component units are maintained at the Agency's main office.

Collectively, these entities had, as of their most recent fiscal year end, $54.1 million in assets, $68.6 million in liabilities, ($14.5 million) in net position, $6.6 million in revenue, and $7.6 million in expenses. The liabilities include approximately $43.9 million in advances from the U.S. Department of Housing and Urban Development, which are only repayable if the projects do not remain available for very low-income eligible individuals/families as approved by HUD for no less than 40 years.

NOTE 11 - PENSION PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (364,661)
2017	(364,661)
2018	(364,661)
2019	(364,661)
2020	(105,721)
Thereafter	-
Total	$ (1,564,365)

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NOTE 15 - COMPONENT UNITS (Continued)

Presently, the Agency has management agreements with the following complexes, including their most recent fiscal year ends, which are evaluated as component units of the Agency:

Entity	Fiscal Year End	Entity	Fiscal Year End
Appalachian Homes for Elderly, Inc.	3/31/15	Oxford Homes for Elderly, Inc.	9/30/14
Aspen Homes for the Elderly, Inc.	6/30/15	Paragon Homes for Elderly, Inc.	3/31/15
Aztex Homes for Elderly, Inc.	9/30/14	Phoenix Homes for Elderly, Inc.	6/30/15
Brookhaven Homes for Elderly, Inc.	12/31/14	Portage Homes for Elderly, Inc.	9/30/14
Cambridge Homes for Elderly, Inc.	12/31/14	Riverton Homes for Elderly, Inc.	3/31/15
Chatham Homes for Elderly, Inc.	3/31/15	Sierra Homes for Elderly, Inc.	9/30/14
Colombia Homes for Elderly, Inc.	12/31/14	Stanford Homes for Elderly, Inc.	9/30/14
Crocket Homes for the Elderly, Inc.	3/31/15	Stockbridge Homes for Elderly, Inc.	6/30/15
Cumberland Homes for Elderly, Inc.	6/30/15	Summit Homes for Elderly, Inc.	6/30/15
East Tennessee Homes for Elderly, Inc.	12/31/14	Trinity Homes for Elderly, Inc.	3/31/15
Greystone Homes for Elderly, Inc.	3/31/15	Volunteer Homes for Elderly, Inc.	9/30/14
Heartland Homes for Elderly, Inc.	6/30/15	Volunteer Housing Development Corporation	3/31/15
Hermitage Homes for Elderly, Inc.	9/30/14	VHDC - Gateway Village Apartments	3/31/15
Highland Homes for the Elderly, Inc.	6/30/15	VHDC - Breckenridge Apartments	3/31/15
Holston Homes for Elderly, Inc.	6/30/15	VHDC - Heritage Hills Apartments	12/31/14
Horizon Homes for Elderly, Inc.	12/31/14	VHDC - Mill Creek Apartments	12/31/14
Landmark Homes for Elderly, Inc.	9/30/14	VHDC - Old Saybrook Apartments	12/31/14
Monticello Homes for the Elderly, Inc.	3/31/15	Volunteer Residences-One, Inc.	9/30/14
Mountainview Homes for Elderly, Inc.	6/30/15	Volunteer Residences-Two, Inc.	9/30/14
Overlook Senior Citizens Housing of Knox County	12/31/14	Waterford Homes for Elderly, Inc.	3/31/15
Overlook Senior Citizens Housing of Loudon County	12/31/14	Wellington Homes for Elderly, Inc.	6/30/15
Overlook Senior Citizens Housing of Monroe County	12/31/14	Woodbridge Homes for Elderly, Inc.	12/31/14

Certain of the above entities have year ends that differ from the Primary Government. As such, the amount due from the above entities to Douglas-Cherokee may differ on their financial statements from the amounts reported on the Primary Government's. The total amount receivable from all component units was $601,745 which is recorded in the financial statements as due from component units and other.

NOTE 14 - COMPONENT UNITS (Continued)

A reconciliation of amounts due from component units with year ends differing from the Primary Government is shown below:

Enity	Year End	Recorded Receivable	Additional Billed	Receipts/ Adjustments	Primary Government Receivable
Appalachian Homes for Elderly, Inc.	3/31/15	$ 3,862	$ 11,696	$ (11,606)	$ 3,952
Aztex Homes for Elderly, Inc.	9/30/14	1,270	14,054	(13,798)	1,526
Brookhaven Homes for Elderly, Inc.	12/31/14	52,399	36,113	(36,113)	52,399
Cambridge Homes for Elderly, Inc.	12/31/14	1,224	5,822	(6,143)	903
Chatham Homes for Elderly, Inc.	12/31/14	2,613	19,705	(20,564)	1,754
Columbia Homes for Elderly, Inc.	12/31/14	2,639	7,073	(6,784)	2,928
Crocket Homes for the Elderly, Inc.	3/31/15	4,774	13,042	(13,153)	4,663
East Tennessee Homes for Elderly, Inc.	12/31/14	9,734	42,513	(45,406)	6,841
Greystone Homes for Elderly, Inc.	3/31/15	22,098	4,317	(4,430)	21,985
Hermitage Homes for Elderly, Inc.	9/30/14	1,360	11,758	(11,679)	1,439
Horizon Homes for Elderly, Inc.	12/31/14	5,565	14,546	(7,565)	12,546
Landmark Homes for Elderly, Inc.	9/30/14	18,036	24,382	(25,885)	16,533
Monticello Homes for the Elderly, Inc.	3/31/15	4,591	4,533	(1,890)	7,234
Overlook Senior Citizens Housing of Knox	12/31/14	5,869	27,270	(28,313)	4,826
Overlook Senior Citizens Housing of Monroe	12/31/14	2,251	9,161	(9,303)	2,109
Overlook Senior Citizens Housing of Loudon	12/31/14	14,635	14,149	9,114	37,898
Oxford Homes for Elderly, Inc.	9/30/14	173	12,354	(12,534)	(7)
Paragon Homes for Elderly, Inc.	3/31/15	109	3,826	(2,202)	1,733
Portage Homes for Elderly, Inc.	9/30/14	2,451	18,092	(17,821)	2,722
Riverton Homes for Elderly, Inc.	3/31/15	1,951	4,701	(5,045)	1,607
Sierra Homes for Elderly, Inc.	9/30/14	2,293	26,947	(25,331)	3,909
Stanford Homes for Elderly, Inc.	9/30/14	4,273	30,618	(24,314)	10,577
Trinity Homes for Elderly, Inc.	3/31/15	5,229	15,214	(15,669)	4,774
Volunteer Homes for Elderly, Inc.	9/30/14	15,518	103,530	(103,964)	15,084
VHDC -Gateway Village Apartments	3/31/15	220	9,640	(9,022)	838
VHDC -Breckenridge Apartments	3/31/15	55	2,069	(1,584)	540
VHDC -Heritage Hills Apartments	12/31/14	2,542	14,527	(14,714)	2,355
VHDC -Mill Creek Apartments	12/31/14	2,525	15,974	(15,694)	2,805
VHDC -Old Saybrook Apartments	12/31/14	91,175	25,584	(28,211)	88,548
Volunteer Residences-One, Inc.	9/30/14	5,284	32,002	(30,753)	6,533
Volunteer Residences-Two, Inc.	9/30/14	7,180	110,768	(92,644)	25,304
Waterford Homes for Elderly, Inc.	3/31/15	4,231	14,857	(14,042)	5,046
Woodbridge Homes for Elderly, Inc.	12/31/14	1,870	13,580	(13,197)	2,253
		$ 299,999	$ 714,417	$ (660,259)	$ 354,157

REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Unaudited)
Year Ended June 30, 2015

Measurement Period Ended	6/30/2014
Total pension liability	
Service cost	$ 538,248
Interest	1,187,525
Changes of benefit terms	-
Differences between expected and actual experience	(634,331)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(848,438)
Net change in total pension liability (asset)	243,004
Total pension liability (asset) - beginning	15,719,635
Total pension liability (asset) - ending (a)	$ 15,962,639
Plan fiduciary net position	
Contributions - employer	$ 651,554
Contributions - employee	368,114
Net investment income	2,364,015
Benefit payments, including refunds of employee contributions	(848,438)
Administrative expense	(13,063)
Other	-
Net change in plan fiduciary net position	2,522,182
Plan fiduciary net position - beginning	14,178,518
Plan fiduciary net position - ending (b)	$ 16,700,700
Net pension liability (asset) - ending (a) - (b)	$ (738,061)
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.62%
Covered - employee payroll	$ 7,362,185
Net pension liability (asset) as a percentage of covered employee payroll	10.03%

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Contributions (Unaudited)
Year Ended June 30, 2015

Measurement period ended June 30,	2014	2015
Actuarially determined contribution	$ 651,554	$ 675,180
Contributions in relation to the actuarially determined contribution	651,554	675,180
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 7,362,185	$ 7,510,345
Contributions as a percentage of covered employee payroll	8.85%	8.99%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Frozen initial liability
Amortization method:	Level dollar, closed (not to exceed 20 years)
Remaining amortization period:	3 years
Asset valuation method:	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases:	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return:	7.5 percent, net of investment expense, including inflation
Retirement age:	Pattern of retirement determined by experience study
Mortality:	Customized table based on actual experience including an adjustment for some anticipated improvement

SUPPLEMENTARY INFORMATION

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal
Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant Number	Grantor at 7/1/2014	(Payments/ Adjustments)	Expenditures	Grantor at 6/30/2015
United States Department of Education						
Educational Opportunity Centers Program	84.066A	P066A110068-14	$ (11,546)	$ 55,270	$ (43,724)	$ -
Trio-Upwardbound M/S	84.047A	P047A080241-14	(25,255)	106,579	(81,324)	-
Trio-Upwardbound G/H	84.047A	P047A120296-14	(20,742)	88,434	(67,692)	-
Trio-Talent Search	84.044A	P044A110306-14	(3,216)	88,124	(84,908)	-
Educational Opportunity Centers Program	84.066A	P066A110068-15	-	161,190	(172,388)	(11,198)
Trio-Upwardbound M/S	84.047A	P047A130304-15	-	217,050	(249,757)	(32,707)
Trio-Upwardbound G/H	84.047A	P047A120296-15	-	161,942	(192,891)	(30,949)
Trio-Talent Search	84.044A	P044A110306-15	-	252,004	(268,296)	(16,292)
			(60,759)	1,130,593	(1,160,980)	(91,146)
United States Department of Education						
Grants Through Tennessee Department of Education						
21st Century Learning Center	84.287C	DG13-C000042	(105,424)	105,424	-	-
21st Century Learning Center HAM	84.287C	33109-00415	-	215,601	(241,429)	(25,828)
21st Century Learning Center GUS	84.287C	33109-00415	-	238,962	(282,196)	(43,234)
21st Century Learning Center HUG	84.287C	33109-05015	-	169,897	(219,059)	(49,162)
			(105,424)	729,884	(742,684)	(118,224)
United States Department of Health and Human Services						
PA-22 FYPD -PA-20 T&TA/CDA	93.600	04-CH-3009/46	(163,206)	163,206	-	-
PA-22 FYPD -PA-20 T&TA/CDA	93.600	04-CH-3009-47	-	7,941,625	(8,132,967)	(191,342)
Community Based Abstinence	93.235	GR1236856	(7,442)	7,442	-	-
Community Based Abstinence	93.235	GR-15-42289-00	-	80,333	(90,430)	(10,097)
Teen Pregnancy Prevention	93.297	1TP1AH00013-04	(25,885)	196,881	(170,996)	-
Teen Pregnancy Prevention	93.297	1TP1AH00013-05	-	448,631	(473,681)	(25,050)
Responsible Fatherhood	93.086	90FK0004-03	(13,921)	88,311	(74,390)	-
Responsible Fatherhood	93.086	90FK0004-04	-	285,500	(301,671)	(16,171)
Adult Education	84.002A	33079-35714 DG36086	(21,548)	21,548	-	-
Adult Education	84.002A	33079-35714 DG36086	-	111,454	(135,314)	(23,860)
Adult Education EL/Civics	84.002A	33709-24927 DG 36092	(1,686)	1,686	-	-
Adult Education EL/Civics	84.002A	33709-24927 DG 36092	-	9,141	(10,916)	(1,775)
Adult Education Critical Needs	84.002A	LWN02F121AESD13	(8,317)	8,317	-	-
Adult Education Critical Needs	84.002A	LWN02F121AESD13	-	199	(301)	(102)
			(242,005)	9,364,274	(9,390,666)	(268,397)

See independent auditors' report.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal
Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant Number	Due to (from) Grantor at 7/1/2014	Cash Receipts (Payments/ Adjustments)	Expenditures	Due to (from) Grantor at 6/30/2015
United States Department of Health and Human Services						
Grants Through Tennessee Department of Human Services						
Community Services Block Grant	93.569	Z-14-49107	$ (78,682)	$ 78,682	$ -	$ -
Community Services Block Grant	93.569	Z-15-49107	-	495,559	(668,636)	(173,077)
Low-Income Home Energy Assistance	93.568	LIHEAP-14-06	(798,059)	1,295,101	(497,042)	-
Low-Income Home Energy Assistance	93.568	LIHEAP-15-06	-	2,160,543	(2,368,159)	(207,616)
			(876,741)	4,029,885	(3,533,837)	(380,693)
United States Department of Health and Human Services						
Grants Through Tennessee/ETHRA						
Aging Title III-B-Transportation	93.045		(2,640)	2,640	-	-
Aging Title III-B-Transportation	93.045		-	7,000	(10,850)	(3,850)
Aging Title III-B - Medicaid Waiver	93.044		(6,668)	6,668	-	-
Aging Title III-C - Nutrition	93.045		(85,268)	85,268	-	-
Aging Title III-C-NSIP-Nutrition	93.053		(15,055)	15,055	-	-
Aging Title III-C - NSIP - Nutrition	93.053		-	66,140	(90,756)	(24,616)
Aging Title III-C - Nutrition	93.045		-	377,282	(454,852)	(77,570)
Aging Title III-B - Medicaid Waiver	93.044		-	63,952	(68,491)	(4,539)
			(109,631)	624,005	(624,949)	(110,575)
United States Department of Homeland Security						
Emergency Food and Shelter Program	97.024					
Cocke County		32-764400-001	-	15,085	-	15,085
Jefferson County		32-770800-001	-	-	(272)	(272)
Monroe County		32-774600-001	-	24,092	(11,890)	12,202
Sevier County		30-778000-001	(367)	367	-	-
			(367)	39,544	(12,162)	27,015

See independent auditors' report.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal
Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant Number	Due to (from) Grantor at 7/1/2014	Cash Receipts (Payments/ Adjustments)	Expenditures	Due to (from) Grantor at 6/30/2015
United States Department of Agriculture						
Grants Through Tennessee Department of Agriculture						
And Tennessee Department of Human Services						
Emergency Food Assistance Program	10.568	Z-12-000206	(13,542)	56,556	(43,014)	-
Emergency Food Assistance Program	10.568	Z-13-000206	-	39,000	(39,000)	-
Child and Adult Care Food Program	10.558	03-47-53308-00-4	(8,064)	8,064	-	-
Child and Adult Care Food Program	10.558	03-47-53308-00-5	-	580,324	(588,576)	(8,252)
Upward Bound Child Care Food Program	10.558		(12,462)	12,462	-	-
Upward Bound Child Care Food Program	10.558		-	1,731	(13,537)	(11,806)
			(34,068)	698,137	(684,127)	(20,058)
United States Department of Labor						
Grant Through Walters State Community College						
Workforce Investment Act	17.259	332-96-14-809P	$ (8,408)	$ 8,408	$ -	$ -
Workforce Investment Act	17.259	332-96-15-802P	-	49,517	(57,692)	(8,175)
			(8,408)	57,925	(57,692)	(8,175)
Total Grants from Federal Allocation - Primary Government			$ (1,437,403)	$ 16,674,247	$ (16,207,097)	$ (970,253)

Total Federal Expenditures:

Federal Expenditures - Component Units (see next schedule)	$ 68,771,335
Total Federal Expenditures - Primary Government	16,207,097
Total Federal Expenditures	$ 84,978,432

See independent auditors' report.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards - Component Units
June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Stockbridge Homes for Elderly, Inc. - Woodridge Annex		
HUD Capital Advance	14.157	$ 557,200
Section 202 Project Rental Assistance	14.157	9,093
Volunteer Residences-Onc, Inc. - Cherry Hill Apartments		
HUD Capital Advance	14.157	1,373,800
Project Rental Assistance Contract	14.157	41,323
Stanford Homes for Elderly, Inc - LeConte Terrace Apts		
HUD Capital Advance	14.157	2,591,700
PRAC Payments	14.157	12,557
Oxford Homes for Elderly, Inc - Lincoln Park Annex Apts		
HUD Capital Advance	14.157	655,400
PRAC Payments	14.157	17,437
Volunteer Residences-Three, Inc - Meadowood Park Apts		
Section 202 Direct Loan	14.157	942,055
Section 8 Housing Assistance Payments	14.195	71,192
Riverton Homes for Elderly, Inc - Park Place Apartments		
HUD Capital Advance	14.157	972,200
Project Rental Assistance Contract	14.157	19,443
Aztex Homes for Elderly, Inc - Pleasant Hill Apartments		
HUD Capital Advance	14.157	1,130,800
Section 202 Project Rental Assistance	14.157	12,052
Hermitage Homes for Elderly, Inc - Stanford Place Apts		
HUD Capital Advance	14.157	764,500
Section 202 Project Rental Assistance	14.157	9,363
Landmark Homes for Elderly, Inc - Walnut Creek Apts		
HUD Capital Advance	14.157	1,062,100
Section 202 Project Rental Assistance	14.157	56,867
Volunteer Homes for Elderly - Westminster/Lakewood/Brookwood		
Section 202 HUD Insured Loan	14.157	4,736,376
Section 8 Housing Assistance Payments	14.195	417,739
Sierra Homes for Elderly, Inc - Oak Hills Apartments		
HUD Capital Advance	14.157	1,146,200
Section 202 Project Rental Assistance	14.157	29,550

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards - Component Units
June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
Cambridge Homes for Elderly, Inc - Cambridge Apartments		
HUD Capital Advance	14.157	$ 639,500
Section 202 Project Rental Assistance	14.157	15,539
Overlook Senior Citizens Housing of Knox Co - Dogwood I		
Section 202 Direct Loan for Housing of Elderly	14.157	1,004,698
Section 8 Housing Assistance Payments	14.195	186,045
Overlook Senior Citizens Housing of Monroe Co - Dogwood II		
Section 202 Direct Loan for Housing of Elderly	14.157	571,837
Section 8 Housing Assistance Payments	14.195	96,817
Overlook Senior Citizens Housing of Loudon Co - Dogwood III		
Section 8 Rental Voucher Program	14.195	78,783
HUD Mortgage	14.157	453,775
Brookhaven Homes for Elderly, Inc - Franklin Place Apartments		
HUD Capital Advance	14.157	2,751,200
Section 202 Project Rental Assistance	14.157	32,525
East Tennessee Homes for Elderly - Heritage Oaks Apartments		
Section 202 Direct Loan for Housing of Elderly	14.157	3,370,883
Section 8 Housing Assistance Payments	14.195	222,789
Columbia Homes for Elderly, Inc - Heritage Oaks Apts. Annex		
HUD Capital Advance	14.157	610,600
Rent Supplement Payments	14.157	21,808
Woodbridge Homes for Elderly, Inc - Highland Manor Apts		
HUD Capital Advance	14.157	1,215,000
Section 202 Project Rental Assistance	14.157	30,458
Horizon Homes for Elderly, Inc - Oak Hills Annex Apartments		
HUD Capital Advance	14.157	1,050,000
Section 202 Project Rental Assistance	14.157	13,083
Crockett Homes for Elderly, Inc - Alpine Village Apartments		
HUD Capital Advance	14.157	2,540,400
Section 202 Project Rental Assistance	14.157	24,980
Appalachian Homes for Elderly, Inc - Friendship Manor Apts		
HUD Capital Advance	14.157	2,063,300
Section 202 Project Rental Assistance	14.157	30,248
Waterford Homes for Elderly, Inc - Holston Hills Apartments		
HUD Capital Advance	14.157	2,191,300
Section 202 Project Rental Assistance	14.157	45,064

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards - Component Units
June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
Paragon Homes for Elderly, Inc - Lincoln Park Apartments		
HUD Capital Advance	14.157	$ 586,600
Section 202 Project Rental Assistance	14.157	19,013
Monticello Homes for Elderly, Inc - Mountain Grove Apts		
HUD Capital Advance	14.157	1,494,100
Section 202 Project Rental Assistance	14.157	9,805
Trinity Homes for Elderly, Inc - Renaissance Square Apartments		
Capital Advance	14.157	3,270,300
PRAC	14.157	46,868
Chatham Homes for Elderly, Inc - The Commons for Seniors		
HUD Capital Advance	14.157	1,962,500
Section 202 Project Rental Assistance	14.157	13,956
Greystone Homes for Elderly, Inc - Woodridge Apartments		
HUD Capital Advance	14.157	934,300
Section 202 Project Rental Assistance	14.157	21,248
Aspen Homes for Elderly, Inc - Auburn Hills Apartments		
HUD Capital Advance	14.157	1,717,900
Section 202 Project Rental Assistance	14.157	67,782
Mountainview Homes for Elderly, Inc - Brookvale Garden Apts		
HUD Capital Advance	14.157	858,500
Section 202 Project Rental Assistance	14.157	43,578
Heartland Homes for Elderly, Inc - Woodland Park Apartments		
HUD Capital Advance	14.157	2,556,000
Section 202 Project Rental Assistance	14.157	44,426
Holston Homes for Elderly - Greenbriar Village Apartments		
Section 202 HUD Insured Loan	14.157	3,826,137
Section 8 Housing Assistance Payments	14.195	170,395
Multi-Family Service Coordinator Grant	14.191	14,348
Highland Homes for the Elderly		
HUD Capital Advance	14.157	1,184,900
Section 202 Project Rental Assistance	14.157	11,463
Cumberland Homes for Elderly, Inc - Holly Hills Apartments		
HUD Capital Advance	14.157	1,338,800
Section 202 Project Rental Assistance	14.157	37,548
Wellington Homes for Elderly, Inc - Roy J. Messer Apartments		
HUD Capital Advance	14.157	603,600
Section 202 Project Rental Assistance	14.157	18,380

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards - Component Units
June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
Summit Homes for Elderly, Inc - Village Green Apartments		
HUD Capital Advance	14.157	$ 811,800
Section 202 Project Rental Assistance	14.157	14,501
Phoenix Homes for Elderly, Inc - Woodland Place Apartments		
HUD Capital Advance	14.157	1,532,200
Section 202 Project Rental Assistance	14.157	60,324
Volunteer Housing Development Corp - Heritage Hills Apts		
Rural Rental Assistance Payments	10.427	112,677
Rural Rental Housing Loans	10.415	896,363
Volunteer Housing Development Corp - Mill Creek Apts		
Rural Rental Assistance Payments	10.427	48,409
Rural Rental Housing Loans	10.415	802,357
Volunteer Housing Development Corp -Old Saybrook Apts		
Rural Rental Assistance Payments	10.427	6,465
Rural Rental Housing Loans	10.415	1,372,911
Portage Homes for Elderly, Inc - Park Place Annex Apartments		
HUD Capital Advance	14.157	1,875,316
PRAC	14.157	23,168
Volunteer Residences-Two, Inc /Autumn/College Park/Sequoyah		
Section 8 Housing Assistance Payments	14.195	338,688
Section 223(F) HUD Insured Loan	14.155	4,134,130
Total U.S. Department of Housing and Urban Development		$ 68,771,335

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Other Grant Revenues
June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant Number	Due to (from) Grantor at 7/1/2014	Receipts (Payments/ Adjustments)	Expenditures	Due to (from) Grantor at 6/30/2015
Tennessee Department of Education						
Voluntary Pre-K			$ -	$ 121,391	$ (121,391)	$ -
LEAP - After School		DG13-C000002	(121,775)	121,775	-	-
LEAP - After School		DG13-C000002	-	158,121	(200,413)	(42,292)
Adult Education		33079-35714 DG36086	(7,183)	7,183	-	-
Adult Education		33079-35714 DG36086	-	37,152	(45,105)	(7,953)
Adult Education/EL Civics		33709-24927 DG 36092	(562)	562	-	-
Adult Education/EL Civics		33709-24927 DG 36092	-	3,047	(3,639)	(592)
Adult Education Critical Needs		LWN02F121AESD13	(2,773)	2,773	-	-
Adult Education Critical Needs		LWN02F121AESD13	-	66	(100)	(34)
			(132,293)	452,070	(370,648)	(50,871)
Tennessee Department of Human Services						
Direct Appropriation			-	22,050	(22,050)	-
Tennessee Commission on Aging						
Grant Through ETHRA						
Nutrition			(2,050)	2,050	-	-
Options			(5,294)	5,294	-	-
Nutrition			-	22,691	(32,563)	(9,872)
Options			-	19,146	(20,588)	(1,442)
			(7,344)	49,181	(53,151)	(11,314)
Total Grants from State Allocation			$ (139,637)	$ 523,301	$ (445,849)	$ (62,185)

See independent auditors' report.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal grant activity of Douglas-Cherokee Economic Authority, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Insurance Coverage
June 30, 2015

Worker's Compensation Coverage	
Bodily injury by accident	$1,000,000
Bodily injury by disease	1,000,000
General Liability and Personal Injury Liability Coverage	
Bodily injury or personal injury	300,000/700,000
Medical payments	1,000/10,000
Property damage, as limited by Tort Liability Act	100,000
Catastrophic medical expenses, excess of bodily injury, per occurrence	1,000,000
Fire damage, per occurrence	100,000
Impounded property damage, per occurrence	100,000
E & O Liability, per occurrence	2,000,000
Non-monetary defense costs	100,000
Other Loss	2,000,000
Auto Physical Damage Coverage	
Per person for bodily injury, per person and occurrence	300,000/700,000
Per person or per occurrence for catastrophic medical expenses, excess of bodily injury	1,000,000
Per person and per accident for medical payment	1,000/10,000
Each other loss, per occurrence	2,000,000
Property damage, per occurrence	100,000
Uninsured motorists, bodily injury, per occurrence	300,000
Uninsured motorists, property damage, per occurrence	100,000
Other Property	
Property Location #1	
Building	175,000
Personal Property	70,000
Property Location #2	
Building	170,000
Personal Property	25,000
Employee Dishonesty	100,000
Commercial Property	
Inland Marine (Computers)	225,915
Various Buildings, Improvements, and Personal Property	
Sixty-one Separate Properties (coverage varies)	
Specific Property - Bean Station, TN	1,000,000
Blanket Accident Policy	25,000
Specific Property - Rutledge, TN	100,000
Accidental Liability - Head Start Students and Volunteers	50,000/250,000
Accidental Liability - Talent Search & Upward Bound Students and Volunteers	25,000/250,000
Accident - WIA Students	10,000/250,000
Accident - LEAP program	10,000/250,000
Accident-Senior Nutrition	25,000/250,000
Workers Compensation-Kentucky Talent Search	500,000

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Agency Administrative Expenditures
Year Ended June 30, 2015

Salaries and wages	$ 617,554
Benefits	159,183
Professional fees	1,212
Supplies	28,836
Communications	13,367
Postage & shipping	4,208
Printing, duplication, & publications	16,198
Occupancy	43,303
Equipment maintenance & rental	7,068
Travel	24,330
Training, seminars, and meetings	24,787
Insurance	59,216
Miscellaneous	7,374
Total Agency Administrative Expenses	$ 1,006,636

See independent auditors' report.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2015

	21st Century Learning Center/GC	State Appropriation	LEAP - I After School	Adult Education Critical Needs	Adult Education EL Civics	Adult Education	Community Services Block Grant	Low-Income Home Energy Assistance	Commodities
REVENUE									
Federal assistance	$ 742,684	$ -	$ -	$ 301	$ 10,916	$ 135,314	$ 668,636	$ 2,865,201	$ 82,014
State assistance	-	22,050	200,413	100	3,639	45,105	-	-	-
Total Revenue	$ 742,684	$ 22,050	$ 200,413	$ 401	$ 14,555	$ 180,419	$ 668,636	$ 2,865,201	$ 82,014
EXPENDITURES									
Salaries and wages	$ 516,395	$ -	$ 143,263	$ -	$ 12,614	$ 143,514	$ 255,104	$ 249,215	$ -
Fringe benefits	88,259	3,598	27,611	-	975	19,486	78,824	65,988	-
Professional services	1,658	97	491	-	-	-	1,267	3,834	-
Supplies	8,030	48	4,733	-	-	1,872	15,836	16,370	154
Communications	7,868	-	1,232	401	-	38	12,440	13,248	-
Postage and shipping	59	-	-	-	-	-	1,736	7,406	-
Occupancy	5,241	94	1,346	-	-	-	54,292	17,987	81,860
Equipment rental/maintenance	650	-	137	-	-	802	912	1,006	-
Printing and publications	3,801	-	366	-	-	3,896	8,526	10,089	-
Travel	11,800	102	1,833	-	966	10,289	11,357	6,073	-
Staff development/training/seminars	964	-	301	-	-	250	-	500	-
Insurance	991	-	205	-	-	-	1,335	-	-
Assistance to individuals	32,118	-	2,035	-	-	-	197,076	2,443,906	-
Contracted services	2,995	-	-	-	-	-	-	-	-
Raw food	-	-	-	-	-	-	-	-	-
Miscellaneous	1,605	-	242	-	-	272	339	670	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Indirect costs	60,250	18,111	16,618	-	-	-	29,592	28,909	-
Total expenditures	$ 742,684	$ 22,050	$ 200,413	$ 401	$ 14,555	$ 180,419	$ 668,636	$ 2,865,201	$ 82,014

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2015

	Head Start	Early Head Start	Head Start Training and Technical Assistance	Early Head Start Training and Technical Assistance	Child & Adult Care Food Program	Voluntary Pre-K	Community Based Abstinence	Teen Pregnancy Prevention	Educational Opportunity Center	Upward Bound Scott/Morgan
REVENUE										
Federal assistance	$ 6,985,404	$ 1,040,396	$ 81,491	$ 25,676	$ 588,576	$ -	$ 90,430	$ 644,677	$ 216,112	$ 336,720
State assistance	-	-	-	-	-	121,391	-	-	-	-
Total Revenue	$ 6,985,404	$ 1,040,396	$ 81,491	$ 25,676	$ 588,576	$ 121,391	$ 90,430	$ 644,677	$ 216,112	$ 336,720
EXPENDITURES										
Salaries and wages	$ 3,759,091	$ 637,913	$ -	$ -	$ 164,995	$ 82,770	$ 55,428	$ 401,321	$ 122,760	$ 151,750
Fringe benefits	1,306,931	172,016	-	-	64,148	28,201	22,934	108,695	39,751	42,764
Professional services	14,955	2,091	12,277	3,118	-	-	182	17,685	451	695
Supplies	210,340	21,526	-	-	-	818	787	18,943	6,169	6,291
Communications	132,779	6,332	-	-	-	-	1,890	5,702	3,462	1,686
Postage and shipping	3,700	297	-	-	-	-	38	108	969	180
Occupancy	467,802	37,271	-	-	-	-	1,081	7,571	983	554
Equipment rental/maintenance	12,050	1,007	-	-	-	-	-	500	188	237
Printing and publications	27,691	6,923	-	-	-	-	106	7,852	5,596	370
Travel	185,941	2,146	29,185	5,657	-	-	1,404	8,707	7,275	8,590
Staff development/training/seminars	10,266	869	7,093	2,907	-	-	150	881	2,393	1,028
Insurance	84,534	5,805	-	-	-	-	-	969	-	1,008
Assistance to individuals	13,481	1,031	-	-	-	-	-	11,494	9,980	101,704
Contracted services	59,723	2,921	-	-	-	-	-	7,000	-	-
Raw food	131,648	16,382	-	-	359,433	-	-	-	-	-
Miscellaneous	21,441	380	32,936	13,994	-	-	-	695	1,895	2,260
Capital expenditures	87,837	51,488	-	-	-	-	-	-	-	-
Indirect costs	455,194	73,998	-	-	-	9,602	6,430	46,554	14,240	17,603
Total expenditures	$ 6,985,404	$ 1,040,396	$ 81,491	$ 25,676	$ 588,576	$ 121,391	$ 90,430	$ 644,677	$ 216,112	$ 336,720

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2015

	Upward Bound Grainger/ Hawkins	Talent Search	Responsible Fatherhood	EFSP	WIA-Greene	WIA-Hamblen	Senior Transportation	Senior Nutrition	Totals
REVENUE									
Federal assistance	$ 267,422	$ 354,263	$ 376,061	$ 12,162	$ 56,162	$ 1,530	$ 9,447	$ 615,502	$ 16,207,097
State assistance	-	-	-	-	-	-	-	53,151	445,849
Total Revenue	$ 267,422	$ 354,263	$ 376,061	$ 12,162	$ 56,162	$ 1,530	$ 9,447	$ 668,653	$ 16,652,946
EXPENDITURES									
Salaries and wages	$ 106,471	$ 199,023	$ 219,137	$ -	$ 35,000	$ 117	$ 3,344	$ 243,660	$ 7,502,885
Fringe benefits	24,594	59,146	73,438	-	6,599	9	636	68,264	2,302,867
Professional services	514	691	992	-	110	-	44	1,330	62,482
Supplies	14,228	8,728	5,543	-	51	-	-	14,733	355,200
Communications	1,347	3,696	7,349	-	-	-	-	4,840	204,310
Postage and shipping	343	17	353	-	-	-	-	222	15,428
Occupancy	554	850	1,674	-	-	-	-	21,470	700,630
Equipment rental/maintenance	237	25	-	-	-	-	-	3,232	20,983
Printing and publications	2,221	862	2,973	-	-	-	-	1,165	82,437
Travel	5,095	7,600	14,884	-	1,105	-	5,035	53,654	378,698
Staff development/training/seminars	1,956	2,116	8,973	-	-	-	-	-	40,647
Insurance	824	687	350	-	350	-	-	1,640	98,698
Assistance to individuals	94,423	46,152	6,464	11,473	8,989	1,390	-	-	2,981,716
Contracted services	-	150	-	-	-	-	-	-	72,789
Raw food	-	-	-	-	-	-	-	225,114	732,577
Miscellaneous	2,264	1,416	8,511	689	39	-	-	1,064	90,712
Capital expenditures	-	-	-	-	-	-	-	-	139,325
Indirect costs	12,351	23,104	25,420	-	3,919	14	388	28,265	870,562
Total expenditures	$ 267,422	$ 354,263	$ 376,061	$ 12,162	$ 56,162	$ 1,530	$ 9,447	$ 668,653	$ 16,652,946

2015

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Douglas-Cherokee Economic Authority, Inc.

2. No significant deficiencies are disclosed during the audit of the financial statements reported in the Independent Auditors' 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*.

3. No instances of noncompliance that were considered to be material to the financial statements of Douglas-Cherokee Economic Authority, Inc. were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by *OMB Circular A-133*.

5. The auditors' report on compliance for each major federal award program for Douglas-Cherokee Economic Authority, Inc. expresses an unmodified opinion.

6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs were Child and Adult Care Food Program (10.558), 21st Century Learning (84.287C), and Low Income Home Energy Assistance (93.568)

8. The threshold for distinguishing Types A and B programs was $486,205.

9. Douglas-Cherokee Economic Authority, Inc was determined to be a low-risk auditee.

10. There were no questioned costs.

B. Findings - Financial Statement Audit

None.

C. Findings - Major Federal Program Awards Audit

None.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Douglas-Cherokee Economic Authority, Inc. (the "Agency"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 7, 2016. Our report includes a reference to other auditors who audited all of the discretely presented component units, as described in our report on the Agency's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rodezno Moss & Co, PLLC

Greeneville, Tennessee
March 7, 2016

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

Report on Compliance for Each Major Federal Program

We have audited Douglas-Cherokee Economic Authority, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2015. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Agency's operations include the operations of certain component units which received approximately $69 million in federal awards (including, primarily, HUD loan programs). Our audit, as described below, did not include the operations of these component units, because those component units engaged other auditors to perform audits in accordance with *OMB Circular A-133*, as applicable.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Agency'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 the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Agency 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 the Agency'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 OMB Circular A-133, 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 the Agency'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rodefer Moss & Co, PLLC

Greeneville, Tennessee
March 7, 2016