Mississippi Home Corporation

Report on Compliance in Accordance with the Uniform Guidance

For the Year Ended June 30, 2018
Contents

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance ................................................................. 1

Schedule of Expenditures of Federal Awards ........................................................................ 4

Note to Schedule of Expenditures of Federal Awards .......................................................... 5

Schedule of Findings and Questioned Costs ....................................................................... 6

Summary Schedule of Prior Audit Findings ......................................................................... 8
Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

Report on Compliance for the Major Federal Program

We have audited the compliance of Mississippi Home Corporation (the Corporation) with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Corporation’s major federal program for the year ended June 30, 2018. The Corporation’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Corporation’s major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Corporation’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 the major federal program. However, our audit does not provide a legal determination of the Corporation’s compliance.
Opinion on the Major Federal Program

In our opinion, Mississippi Home Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Corporation 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 Corporation’s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Corporation’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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Mississippi Home Corporation as of and for the year ended June 30, 2018, and have issued our report thereon dated October 10, 2018, which contained a
reference to the report of other auditors and an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP
Jackson, Mississippi
October 10, 2018
Mississippi Home Corporation  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Grantor’s Number</th>
<th>Passed Through to Subrecipients</th>
<th>Total Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U. S. Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Counseling Assistance Program</td>
<td>14.169</td>
<td></td>
<td>$268,372</td>
<td>$364,661</td>
</tr>
<tr>
<td>Home Investment Partnerships Program (HOME)</td>
<td>14.239</td>
<td></td>
<td>5,694,331</td>
<td>6,126,519</td>
</tr>
<tr>
<td>Housing Trust Fund</td>
<td>14.275</td>
<td></td>
<td>-</td>
<td>52,222</td>
</tr>
<tr>
<td>Emergency Solutions Grant Program</td>
<td>14.231</td>
<td></td>
<td>1,999,832</td>
<td>2,088,005</td>
</tr>
<tr>
<td>Housing Opportunities for Persons with AIDS</td>
<td>14.241</td>
<td></td>
<td>1,045,832</td>
<td>1,070,438</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,008,367</td>
<td></td>
<td>9,701,845</td>
<td></td>
</tr>
<tr>
<td>Passed through State of Mississippi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mississippi Development Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</td>
<td>14.228</td>
<td>N1807-09-025-HB-01</td>
<td>-</td>
<td>97,245</td>
</tr>
<tr>
<td><strong>Total Mississippi Development Authority</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,008,367</td>
<td></td>
<td>9,799,090</td>
<td></td>
</tr>
<tr>
<td><strong>U. S. Department of Treasury</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardest Hit Fund</td>
<td>21.Unknown</td>
<td></td>
<td>-</td>
<td>9,134,480</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Treasury</strong></td>
<td></td>
<td></td>
<td>-</td>
<td>9,134,480</td>
</tr>
<tr>
<td><strong>Total Expenditures of Federal Awards</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,008,367</td>
<td></td>
<td>18,933,570</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule
Nota 1: El acompañamiento de la tabla de gastos de los fondos federales (la Tabla) incluye la actividad de los fondos federales del Corporation bajo programas del gobierno federal para el año finalizado el 30 de junio de 2018. La información en esta Tabla se presenta de acuerdo con los requisitos de Título 2 U.S. Código de Regulaciones Federales Parte 200, Uniforme Administrativa Requisitos, Principios de Coste, y Requisitos de Auditoría para los Fondos Federales (Uniforme Guía). Porque la Tabla presenta sólo una porción seleccionada de las operaciones del Corporation, no está destinado a y no presenta la posición financiera, cambios en la posición financiera o flujo de efectivo del Corporation.

Nota 2: Los gastos reportados en la Tabla son reportados en la base de contabilidad de reconocimiento. Tales gastos se reconocen de acuerdo, según sea aplicable, con los principios de coste en OMB Circular A-122 o los principios de coste contenidos en la Uniforme Guía, donde ciertos tipos de gastos no son admitibles o están limitados en términos de remuneración. El Corporation ha optado por no utilizar el 10% de minimis indirect cost rate allowed under the Uniform Guidance.
Mississippi Home Corporation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Summary of Auditor’s Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
   ☑ Unmodified  □ Qualified  □ Adverse  □ Disclaimed

2. The independent auditor’s report on internal control over financial reporting disclosed:
   - Significant deficiency(ies)?  □ Yes  ☑ None reported
   - Material weakness(es)?  □ Yes  □ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?
   □ Yes  □ No

Federal Awards

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:
   - Significant deficiency(ies)?  □ Yes  ☑ None reported
   - Material weakness(es)?  □ Yes  □ No

5. The opinion expressed in the independent auditor’s report on compliance for major federal awards programs was:
   ☑ Unmodified  □ Qualified  □ Adverse  □ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?  □ Yes  □ No
Mississippi Home Corporation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

7. The Corporation’s major program was:

<table>
<thead>
<tr>
<th>Cluster/Program</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardest Hit Fund</td>
<td>21.Unknown</td>
</tr>
</tbody>
</table>

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Corporation qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

No matters are reportable.
No matters are reportable.