A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2016

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
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A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of
A Shared Initiative, Inc.
Harahan, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of A Share Initiative, Inc. (a nonprofit organization) ("ASII"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Shared Initiative, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Compensation, Benefits, and Other Payments to the Agency Head on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 information is fairly stated in all material respects in relation to the 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 June 22, 2017, on our consideration of ASII's internal control over financial reporting and 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 the 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 ASII's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
June 22, 2017

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current assets		
Cash and cash equivalents	$ 1,373,143	$ 1,321,408
Loans receivable, net of allowance	1,436,523	1,842,313
Total current assets	2,809,666	3,163,721
Property and equipment - net	676,403	708,315
Total assets	$ 3,486,069	$ 3,872,036

LIABILITIES AND NET ASSETS

	2016	2015
Current liabilities		
Accounts payable	$ 176,979	$ 259,009
Current maturities of long-term debt	11,214	10,485
Total current liabilities	188,193	269,494
Long-term debt less current maturities	124,205	135,488
Total liabilities	312,398	404,982
Net assets		
Unrestricted	3,173,671	622,045
Temporarily restricted	-	2,845,009
Total net assets	3,173,671	3,467,054
Total liabilities and net assets	$ 3,486,069	$ 3,872,036

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

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions and grants	$ 42,173	$ 3,084	$ -	$ 45,257	$ 73,370	$ 26,662	$ -	$ 100,032
Interest income	119,906	-	-	119,906	12,500	134,918	-	147,418
Rental income	25,580	-	-	25,580	34,680	-	-	34,680
Homebuyer education class	9,880	-	-	9,880	6,100	-	-	6,100
Miscellaneous	-	-	-	-	-	-	-	-
Subtotal	197,539	3,084	-	200,623	126,650	161,580	-	288,230
Net assets released from restrictions	2,848,093	(2,848,093)		-	322,688	(322,688)	-	-
Total support and revenue	3,045,632	(2,845,009)	-	200,623	449,338	(161,108)	-	288,230
Expenses:								
Advertising	717	-	-	717	-	-	-	-
Bad debt expense	279,037	-		279,037	220,343	-		220,343
Convention and meeting expense	864	-	-	864	4,985	-	-	4,985
Depreciation	31,912	-	-	31,912	33,627	-	-	33,627
Dues	275	-	-	275	25	-	-	25
Insurance - non-employee	2,078	-	-	2,078	3,033	-	-	3,033
Interest	9,534	-	-	9,534	9,788	-	-	9,788
Miscellaneous	304	-	-	304	251	-	-	251
Professional service fees	15,012	-	-	15,012	14,416	-	-	14,416
Property maintenance	26,281	-	-	26,281	18,224	-	-	18,224
Salaries and related expenses	96,546	-	-	96,546	131,896	-	-	131,896
Supplies and materials	8,241	-	-	8,241	7,400	-	-	7,400
Travel	9,658	-	-	9,658	1,129	-	-	1,129
Utilities	13,547	-	-	13,547	13,232	-	-	13,232
Total expenses	494,006	-	-	494,006	458,349	-	-	458,349
Change in net assets	2,551,626	(2,845,009)	-	(293,383)	(9,011)	(161,108)	-	(170,119)
Net assets at beginning of year	622,045	2,845,009	-	3,467,054	631,056	3,006,117	-	3,637,173
Net assets at end of year	$ 3,173,671	$ -	$ -	$ 3,173,671	$ 622,045	$ 2,845,009	$ -	$ 3,467,054

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

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (293,383)	$ (170,119)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	279,037	220,343
Depreciation	31,912	33,627
Changes in operating assets and liabilities:		
Decrease (increase) in loans receivable	126,753	(159,276)
Increase (decrease) in accounts payable	(82,030)	26,454
Net cash provided by (used in) operating activities	62,289	(48,971)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(10,554)	(10,300)
Net cash used in financing activities	(10,554)	(10,300)
Net increase (decrease) in cash and cash equivalents	51,735	(59,271)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,321,408	1,380,679
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,373,143	$ 1,321,408

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2016	2015
Cash paid for interest	$ 9,534	$ 9,788

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

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

History and Organization

A Shared Initiative, Inc. ("ASII") is a non-profit organization with a mission of aiding in the rebuilding efforts of families and communities in post-Katrina New Orleans. ASII was originally formed as the non-profit affiliate of ASI Federal Credit Union, a low-income designated Community Development Financial Institution (CDFI). The Credit Union's vision to eliminate poverty is augmented by the financial literacy, lending, and community development efforts of the nonprofit, which exists as a legally-separate 501(c)(3) entity.

Financial Statement Presentation

The financial statements of ASII are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Financial presentation follows the Financial Accounting Standards Board's Accounting Standards Codification (ASC) No. 958-205, *Not for Profit Entities Presentation of Financial Statements.* Under ASC 958-205, ASII is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of ASII and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of ASII pursuant to those stipulations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

At December 31, 2016 and 2015, cash consisted of demand deposits with bank balances totaling of $1,336,701 and $1,002,696, respectively. The balances, at times, may exceed federally insured limits.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Loans Receivable

ASII grants mortgage, consumer and business loans to applicants. A substantial portion of the loan portfolio is represented by loans primarily to borrowers located in the New Orleans Metropolitan Statistical Area. The ability of the borrowers to honor their contracts is dependent upon the real estate and general economic conditions in this area, as well as the financial condition of the employers in the area.

Loans that ASII has the intent and ability to hold for the foreseeable future are stated at unpaid principal balance, plus accrued interest, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. At December 31, 2016 and 2015, interest rates on loans receivable range between 3% and 12%. Loan terms range from 13 months to 238 months.

The accrual of interest is discontinued at the time when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of principal or interest is considered doubtful. Past due status is based on the contractual terms of the loan.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies (continued)

Allowance for Loan Losses

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual loan accounts. ASII generally fully or partially charges down to the fair value of collateral securing the asset, if any, when (1) management judges the asset to be uncollectible; (2) repayment is deemed to be protracted beyond reasonable time frames; (3) the asset has been classified as a loss by ASII's internal loan review process; (4) the borrower has filed bankruptcy and the loss becomes evident owing to a lack of assets; or (5) the loan is past due 90 days unless both well secured and in the process of collection. At December 31, 2016 and 2015, the allowance for doubtful accounts is $302,365 and $204,034, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a useful life of 30 years (building) and 7 years (furniture and equipment).

Income Taxes

ASII is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, ASII may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of ASII and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2016 and 2015.

2. Property and Equipment, net

Property and equipment at December 31, 2016 and 2015 consists of the following:

	2016	2015
Building and improvements	$ 915,888	$ 915,888
Furniture and equipment	15,633	15,633
	931,521	931,521
Less: accumulated depreciation	(255,118)	(223,206)
Property and equipment, net	$ 676,403	$ 708,315

3. Long-Term Debt

On May 24, 2007, ASII entered into a note payable agreement with ASI Federal Credit Union (ASIFCU) in the amount of $220,000. The note payable bears 6.75% simple interest rate per annum and is secured by the property and equipment. The maturity date for the note is May 24, 2026.

Maturities for long-term debt for the next five years:

2017	$ 11,214
2018	11,996
2019	12,831
2020	13,724
2021	14,680

4. Related Party Transactions

As discussed in Note 3, ASII entered into a note payable agreement with ASI Federal Credit Union ("ASIFCU"). ASII reimburses ASIFCU for management and support services provided by the Credit Union. Salaries and related expenses provided by ASIFCU totaled $96,546 and $131,896 for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, included in accounts payable is $173,907 and $255,937, respectively, due to ASIFCU.

At December 31, 2016, cash and cash equivalents were maintained on deposit with ASIFCU.

5. Revolving Capital Fund

At December 31, 2016 and 2015, loans receivable, consists of the following:

	2016	2015
Loans receivable	$ 1,738,888	$ 2,046,347
Allowance for loan loss	(302,365)	(204,034)
Loans receivable, net of allowance	$ 1,436,523	$ 1,842,313

An analysis of the change in the allowance for loan losses, which substantially applies to loans, at December 31, 2016 and 2015, is as follows:

	2016	2015
Balance at beginning of year	$ 204,034	$ 395,643
Provision for loan losses	283,224	220,343
Loans charged-off	(184,893)	(411,952)
Balance at end of year	$ 302,365	$ 204,034

ASII had an agreement with the Louisiana Economic Development (LED) which provided that certain grant funds be treated as a Revolving Capital Fund. Additions to the revolving loan fund during the years ended December 31, 2016 were $107,941 of interest income from borrowers. During March 2016, the LED, the Office of Community Development – Disaster Recover Unit (OCD-DRU), and ASIFCU/ASI mutually agreed to terminate the Louisiana Revolving Capital Fund Agreement (RCFA). The termination of the RCFA allowed ASII to deploy the capital in accordance with ASII's mission, by-laws and any applicable laws, without additional constraints from LED or OCD-DRU as it relates to the RCFA. As a result of the termination of the RCFA, $2,848,093 was released from restriction during the year ended December 31, 2016. During the year ended December 31, 2015, net assets released from restrictions of $322,688 represented net administrative fees earned by ASII from the Revolving Capital Fund and bad debt expense.

6. Temporarily Restricted Net Assets

At December 31, 2016 and 2015, temporarily restricted net assets consists of the following:

	2016	2015
Cash and cash equivalents – purpose restricted	$ -	$ 1,002,696
Loans receivable – purpose and time restricted	-	1,842,313
	$ -	$ 2,845,009

7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 22, 2017, and determined that there were no subsequent events requiring disclosure other than the item noted above. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2016

AGENCY HEAD NAME: Sonya Javis, CEO

Purpose	Amount
Salary	-
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Phone allowance	-
Unvouchered expenses	-
Special meals	-

Note: The salary and benefits of the CEO are funded by ASIFCU and not ASII.

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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*

To the Board of Directors and Officers of
A Shared Initiative, Inc.
Harahan, Louisiana:

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 A Shared Initiative, Inc. (ASII), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and statements of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether ASII'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
June 22, 2017

SUPPLEMENTAL SCHEDULE

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2016

(1) Summary of Results

(a) The type of report issued on the financial statements: Unmodified

(b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: None reported. Material weaknesses: No

(c) Noncompliance which is material to the financial statements: None reported

(d) Management letter comments issued: None reported

(2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*

None.

A SHARED INITIATIVE, INC.
HARAHAN, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended December 31, 2016

None.