

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2023

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES

Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Providence Community Housing
and Subsidiaries
New Orleans, Louisiana

Report on the Audit of the Consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Providence Community Housing and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Providence Community Housing and Subsidiaries as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are required to be independent of Providence Community Housing and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Providence Community Housing and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Board of Directors
Providence Community Housing
and Subsidiaries**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Providence Community Housing and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Providence Community Housing and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and activities; the schedule of compensation, benefits, and other payments to the CEO, as required by Louisiana Revised Statute 24:513 (A)(3); and the schedule of

**Board of Directors
Providence Community Housing
and Subsidiaries**

grants are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of Providence Community Housing and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Providence Community Housing and Subsidiaries' 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 Providence Community Housing and Subsidiaries' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Providence Community Housing and Subsidiaries' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Paciera, Gautreau & Priest, LLC
Metairie, Louisiana
June 24, 2024

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

(With Summarized Financial Information at December 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 4,257,277	\$ 3,834,366
Accounts receivable, net	91,427	91,264
Other receivable, net	243,698	841,274
Grants receivable, net	0	102,271
Prepaid expenses	70,778	51,685
Right-of-use assets, current portion:		
Operating leases	34,081	34,316
Finance leases	12,654	13,301
	<u>4,709,915</u>	<u>4,968,477</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Land	458,061	3,231,893
Buildings	4,178,300	4,548,766
Office furniture and equipment	329,352	295,134
	<u>4,965,713</u>	<u>8,075,793</u>
Less: Accumulated depreciation	1,233,729	1,160,662
	<u>3,731,984</u>	<u>6,915,131</u>
 <u>OTHER ASSETS</u>		
Cash restricted	324,506	667,159
Properties held for sale	273,394	347,244
Due from affiliates, net	334	436
Deposits	310,134	2,822
Developer fee receivable: Affiliates, net	2,117,931	2,103,363
Notes receivable, net	2,393,026	4,314,228
Right-of-use assets, noncurrent portion:		
Operating leases	352,800	385,711
Finance leases	224,497	237,151
Investments in partnerships	3,030,170	4,324,033
Infrastructure, net	0	0
Pre-development costs	1,354,376	520,192
	<u>10,381,168</u>	<u>12,902,339</u>
<i>Total Other Assets</i>	<u>10,381,168</u>	<u>12,902,339</u>
 <i>Total Assets</i>	<u>\$ 18,823,067</u>	<u>\$ 24,785,947</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

DECEMBER 31, 2023

(With Summarized Financial Information at December 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and other accrued expenses	\$ 133,406	\$ 110,459
Accrued wages and vacation	54,940	63,691
Deferred rents, current portion	3,698	11,158
Line of credit	278,031	0
Lease liabilities, current portion:		
Operating	34,081	34,316
Finance	12,654	13,301
Long-term debt, due within one year	181,752	62,919
	<hr/>	<hr/>
<i>Total Current Liabilities</i>	698,562	295,844
<u>OTHER LIABILITIES</u>		
Accounts payable - Other	98,993	98,993
Recoverable grants	114,607	114,607
Other liabilities	317,934	827,988
Deferred rents, less current portion	0	733,586
Lease liabilities, noncurrent portion:		
Operating	352,800	385,711
Finance	224,497	237,151
Long-term debt, Less current portion	867,854	5,983,615
	<hr/>	<hr/>
<i>Total Other Liabilities</i>	1,976,685	8,381,651
	<hr/>	<hr/>
<i>Total Liabilities</i>	2,675,247	8,677,495
<u>NET ASSETS</u>		
Without donor restrictions:		
Controlling interest	14,225,699	14,201,253
Noncontrolling interest	674,740	667,767
	<hr/>	<hr/>
<i>Total Without Donor Restrictions</i>	14,900,439	14,869,020
With donor restrictions	1,247,381	1,239,432
	<hr/>	<hr/>
<i>Total Net Assets</i>	16,147,820	16,108,452
	<hr/>	<hr/>
<i>Total Liabilities and Net Assets</i>	\$ 18,823,067	\$ 24,785,947
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See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(With Summarized Financial Information for Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<u>REVENUE, SUPPORT, GAINS AND LOSSES</u>				
Contributions	\$ 18,823	\$ 0	\$ 18,823	\$ 13,440
Grants	603,998	69,291	673,289	1,491,485
Interest	505,515	7,949	513,464	799,388
Rents	298,970	0	298,970	330,080
Miscellaneous	161,071	0	161,071	12,852
Partnership income	91	0	91	14,552
Program services	151,883	0	151,883	105,907
Gain on sale of assets	701,381	0	701,381	382,345
Recoveries of credit losses	424	0	424	0
Net assets released from restriction	69,291	(69,291)	0	0
<i>Total Revenue, Support, Gains And Losses</i>	<u>2,511,447</u>	<u>7,949</u>	<u>2,519,396</u>	<u>3,150,049</u>
<u>EXPENSES</u>				
Program Services:				
Real estate development	667,803	0	667,803	1,026,858
Home ownership administration	16,683	0	16,683	42,462
Asset management	862,515	0	862,515	1,765,285
Community services	272,885	0	272,885	257,287
Property management	79,506	0	79,506	0
<i>Total Program Services</i>	<u>1,899,392</u>	<u>0</u>	<u>1,899,392</u>	<u>3,091,892</u>
Supporting Services:				
Management and general	489,856	0	489,856	484,749
Fund-raising and communications	90,780	0	90,780	122,504
<i>Total Supporting Services</i>	<u>580,636</u>	<u>0</u>	<u>580,636</u>	<u>607,253</u>
<i>Total Expenses</i>	<u>2,480,028</u>	<u>0</u>	<u>2,480,028</u>	<u>3,699,145</u>
Change in Net Assets	31,419	7,949	39,368	(549,096)
Less: Change in net assets attributed to noncontrolling interest	<u>6,973</u>	<u>0</u>	<u>6,973</u>	<u>(2,013)</u>
Change in net assets, Controlling Interest	<u>24,446</u>	<u>7,949</u>	<u>32,395</u>	<u>(547,083)</u>
Net Assets, Controlling Interest - Beginning of Year	<u>14,201,253</u>	<u>1,239,432</u>	<u>15,440,685</u>	<u>15,987,768</u>
Net Assets, Controlling Interest - End of Year	<u>\$ 14,225,699</u>	<u>\$ 1,247,381</u>	<u>\$ 15,473,080</u>	<u>\$ 15,440,685</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(With Summarized Financial Information for Year Ended December 31, 2022)

	Program Services					Supporting Services				2023 Total Program and Supporting Services Expenses	2022 Total Program and Supporting Services Expenses
	Real Estate Development	Home Ownership Admini- stration	Asset Management	Community Services	Property Management	Total Program Services	Management and General	Fund- raising and Commun- ications	Total Supporting Services		
Accounting	\$ 575	\$ 0	\$ 0	\$ 4,500	\$ 0	\$ 5,075	\$ 44,956	\$ 0	\$ 44,956	\$ 50,031	\$ 45,863
Provision for credit losses	330,439	0	76,536	0	0	406,975	0	0	0	406,975	969,290
Carrying costs on properties held for sale	0	0	9,900	0	0	9,900	0	0	0	9,900	21,738
Community center activities	0	0	0	17,447	0	17,447	0	0	0	17,447	7,591
Conferences and meetings	728	59	1,071	237	0	2,095	597	296	893	2,988	6,486
Consulting	0	0	72,446	0	32,863	105,309	15,960	0	15,960	121,269	101,434
Contributions	0	0	5,340	0	0	5,340	2,550	0	2,550	7,890	454,424
Depreciation	5,575	0	122,886	0	0	128,461	8,644	0	8,644	137,105	139,031
Direct assistance	0	0	38,154	0	0	38,154	0	0	0	38,154	33,381
Dues and subscriptions	0	0	0	240	0	240	3,300	139	3,439	3,679	9,018
Employee benefits	12,423	2,296	27,970	8,427	1,609	52,725	27,863	3,452	31,315	84,040	90,506
Equipment rental	0	0	0	10,677	0	10,677	1,677	0	1,677	12,354	7,285
Insurance	11,409	0	84,837	12,452	0	108,698	16,993	0	16,993	125,691	89,078
Interest	38,823	0	13,427	0	0	52,250	0	0	0	52,250	159,367
IT Support	5,874	301	6,666	2,984	728	16,553	7,476	1,946	9,422	25,975	22,500
Legal	4,600	0	0	0	15,659	20,259	0	0	0	20,259	5,965
Management fees	0	0	16,202	0	0	16,202	0	0	0	16,202	16,227
Marketing and sponsorships	0	0	0	0	0	0	0	5,425	5,425	5,425	9,505
Meals and entertainment	956	0	431	471	0	1,858	8,374	480	8,854	10,712	6,256
Miscellaneous, office, and supplies	19,091	0	7,733	26,716	0	53,540	24,797	1,911	26,708	80,248	101,924
Payroll taxes	14,957	774	17,181	7,706	1,684	42,302	22,049	5,007	27,056	69,358	70,453
Postage and shipping	0	0	0	0	0	0	378	0	378	378	741
Pre-Development/Development	2,400	0	0	0	0	2,400	0	0	0	2,400	116,953
Printing and publications	0	0	0	0	0	0	618	0	618	618	1,044
Rent and office occupancy	9,937	2,546	10,288	2,546	1,416	26,733	34,498	2,912	37,410	64,143	62,889
Repairs	0	0	115,043	8,605	0	123,648	0	0	0	123,648	130,156
Salaries	205,872	10,543	233,652	104,593	25,523	580,183	262,019	68,201	330,220	910,403	929,344
Telephone	920	83	1,020	10,058	0	12,081	4,863	225	5,088	17,169	16,827
Travel	3,224	81	1,732	1,165	24	6,226	2,244	786	3,030	9,256	9,338
Utilities	0	0	0	54,061	0	54,061	0	0	0	54,061	64,531
Total Expenses	\$ 667,803	\$ 16,683	\$ 862,515	\$ 272,885	\$ 79,506	\$ 1,899,392	\$ 489,856	\$ 90,780	\$ 580,636	\$ 2,480,028	\$ 3,699,145

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

Year Ended December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 39,368	\$ (549,096)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Provision for credit losses	406,975	969,290
Accrued interest on notes receivable	(485,181)	(556,924)
Depreciation	137,105	139,031
Forgiveness of debt	(189,499)	(211,073)
Partnership (income) loss	(91)	(14,552)
(Gain) on sale of properties held for sale	(701,381)	(382,345)
(Increase) Decrease in operating assets:		
Accounts receivable, grants receivable, and prepaid expenses	680,591	(253,301)
Developer fee receivable	(14,568)	58,329
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,196	(9,852)
Deferred rents	1,381	(10,074)
	<hr/>	<hr/>
Net Cash (Used for) Operating Activities	(111,104)	(820,567)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advances to affiliates	(35,740)	(338)
Proceeds from sale of property	748,858	529,000
Investments in partnerships	(8,721)	13,483
Advances on notes receivable	(119,290)	(419,475)
Deposits made	(307,312)	0
Payments on notes receivable	1,085,725	0
Additions to property and equipment and pre-development costs	(868,402)	(43,881)
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	495,118	78,789
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on long-term debt	\$ (71,733)	\$ (67,681)
Line of credit proceeds	278,031	0
Loan proceeds	0	750,000
Advances (payments) of recoverable grants and other liabilities	(510,054)	29,310
Distributions	0	(14,175)
	<hr/>	<hr/>
Net Cash Provided by (used for) Financing Activities	(303,756)	697,454
	<hr/>	<hr/>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	80,258	(44,324)

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

Year Ended December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of Year	<u>4,501,525</u>	<u>4,545,849</u>
End of Year	<u>\$ 4,581,783</u>	<u>\$ 4,501,525</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for:		
Interest - Net of capitalized amounts	<u>\$ 35,927</u>	<u>\$ 32,166</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>
<u>Non-cash Investing and Financing Activities</u>		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 0</u>	<u>\$ 397,644</u>
Loans payable in exchange for capital contributions	<u>\$ 1,239,512</u>	<u>\$ 2,540,845</u>
Land transferred to reduce loans payable	<u>\$ 35,820</u>	<u>\$ 0</u>
Net reduction of assets and liabilities related to ownership change of partnerships	<u>\$ 3,070,814</u>	<u>\$ 0</u>

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

A. Summary of Significant Accounting Policies

Corporation

The accompanying consolidated financial statements include the accounts of Providence Community Housing and Subsidiaries (the "Corporation"), a nonprofit Louisiana corporation created on April 5, 2006. The Corporation's mission is to transform lives and communities through the development and preservation of affordable homes while connecting individuals and families to opportunities that enhance their quality of life.

These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Program and Supporting Services

Following are the descriptions of the Corporation's program and supporting services:

Program Services:

Real Estate Development - This program includes all costs, excluding capital expenses, associated with acquiring, developing, and preserving affordable real estate for individuals, seniors, and families, including both rental units and homes for sale. There are approximately 815 units in the concept/pre-development planning stage, none are currently under construction, none are in stabilization/lease-up, and 106 units are operating with active capital projects.

Home Ownership Administration - This program consists of costs associated with long-term compliance and other close-out costs related to completed home ownership programs.

Asset Management - This program consists of expenses related to overseeing the management of operating rental properties including individual, multi-family and senior housing as both a direct owner and general partner. There are 1,120 units currently in service.

Property Management - This program includes all costs and fee income related to the Corporation's contractual relationship with Christopher Homes, Inc. ("CHI"). The Corporation provides consulting services to CHI to assist in improving the portfolio performance of the 2,148 units that it manages. These 2,148 units include 636 units controlled by the Corporation. Beginning January 1, 2024, the Corporation began full oversight of the CHI management portfolio.

Community Services - This program encompasses activities focused on improving quality of life through resident service coordination and programming. This program includes all operations and programming provided to the Faubourg Lafitte Community through Sojourner Truth Neighborhood Center. It also includes the cost of staffing a coordinator to bring in partners and resources to serve our senior population and prevent evictions. The Corporation and its partners (CHI and Enterprise Community Partners) contract with and provide support for third-party providers. Services include meal deliveries, commodity distributions, assistance accessing utility, food, and rental assistance from public and private resources, health fairs, and youth programming.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Supporting Services:

Management and General - This supporting service includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Corporation's program strategy through the office of the President, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Corporation, and manage the financial and budgetary responsibilities of the Corporation.

Fund-raising and Communications - This supporting service provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, corporations, and governmental agencies. It also includes communications support which is designed to increase and retain donors, increase awareness of the Corporation, and further the Corporation's mission with investors, stakeholders, and the community at large.

Basis of Accounting and Presentation

The consolidated financial statements include the accounts of Providence Community Housing and its subsidiaries. The subsidiaries are:

1. Providence Annunciation Inn Apartments, LLC;
2. Providence Nazareth Inn I, LLC;
3. Providence Nazareth Inn II Apartments, LLC;
4. Providence Delille Inn Apartments, LLC;
5. Providence St. John Berchman's Apartments, LLC;
6. Providence St. Bakhita Apartments, LLC;
7. St. Bakhita Apartments, LLC;
8. Lafitte Redevelopment, LLC;
9. Providence Enterprise Orleans, LLC;
10. Providence Building 12, LLC;
11. Building 12, LLC;
12. Providence Builders of Hope, LLC;
13. Providence Lafitte Treme-Oak Place, LLC;
14. PCH Sacred Heart at St. Bernard, LLC;
15. Providence Columbia Sacred Heart, LLC;
16. Onzaga Development Partners, LLC
17. St. Ann 2017 MM, LLC;
18. Lafitte Block 6 Homeownership, LLC;
19. Our Lady of Lourdes, LLC
20. Annunciation Inn 2024 Manager, LLC;
21. Annunciation Inn 2024, LLC
22. Nazareth Inn 2024 Manager, LLC; and
23. Nazareth Inn 2024, LLC;

These consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. All significant inter-company balances have been eliminated in the consolidation.

Net Assets

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

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Net assets without donor restrictions are amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net assets with donor restrictions are assets subject to usage limitations based on donor-imposed or grantor requirements. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Cost Allocation

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Corporation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, information technology support ("IT"), and rent. Salaries and IT are allocated based on time and effort. Rent is allocated on a square footage basis. All other expenses are directly attributable to a program or supporting service.

Limited Liability Companies

The Corporation owns .01% and is the following managing member in these limited liability companies, which have investments in rental real estate:

1. Annunciation Inn Apartments, LLC;
2. Delille Inn Apartment, LLC;
3. Nazareth Inn I, LLC;
4. Nazareth Inn II Apartments, LLC;
5. St. John Berchman's Apartments, LLC;
6. Building 12, LLC;
7. St. Bakhita Apartments, LLC;
8. Lafitte Treme-Oak Place, LLC; and
9. St. Ann 2017, LLC.

The Corporation owns 100% of Providence St. Bakhita Apartments, LLC. Providence St. Bakhita, LLC owns .01% of St. Bakhita Apartments, LLC and is the managing member of St. Bakhita Apartments, LLC. The Corporation owns 99.99% of St. Bakhita Apartments, LLC.

The Corporation owns 100% of Providence Building 12, LLC. Providence Building 12, LLC owns .01% of Building 12, LLC and is the managing member of Building 12, LLC. The Corporation owns 99.99% of Building 12, LLC.

The Corporation owns 100% of PCH Sacred Heart at St. Bernard, LLC which owns 51% of Providence Columbia Sacred Heart, LLC. Providence Columbia Sacred Heart, LLC owns .01% of Sacred Heart at St. Bernard, LLC and is the managing member in this limited liability company, which has investments in a rental real estate development.

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The Corporation owns 51% of Onzaga Development Partners, LLC and is the managing member in this limited liability company, which is the developer on the Sacred Heart at St. Bernard project.

The Corporation owns 50% of Lafitte 2017 Manager, LLC; which owns 100% and is the managing member of Lafitte 2017, LLC.

The Corporation owns 100% of PCH Lafitte, LLC. PCH Lafitte, LLC owns 50% of Lafitte Block 6 Homeownership, LLC, 50% of Providence Enterprise Orleans, LLC, 50% of Lafitte Redevelopment, LLC, and 30% of PELM Market, LLC (PELM). PELM is the sole member of Lafitte Market Rental Manager, LLC which is the sole member of Lafitte Market Rate Rental, LLC.

The Corporation owns 100% of Our Lady of Lourdes Manager, LLC; which owns 100% of Our Lady of Lourdes, LLC and is its managing member.

The Corporation owns 100% of Providence BW Cooper Developer, LLC; which owns 50% of BW Cooper Developer, LLC.

The Corporation owns 100% of Providence BW Cooper Senior, LLC; which owns 50% of BW Cooper Senior Manager, LLC; which owns 100% of BW Cooper Senior, LLC and is the managing member.

The Corporation owns 100% of Providence BW Cooper Family, LLC; which owns 50% of BW Cooper Family Manager, LLC; which owns 100% of BW Cooper Family, LLC and is the managing member.

The Corporation owns 100% of Providence Orleans, LLC; which owns 30% of Providence Enterprise L&M, LLC; which owns .01% of Lafitte Redevelopment Blocks 1-3, LLC and .01% of Lafitte Redevelopment Blocks 5-7, LLC. Providence Enterprise L&M, LLC is the managing member of Lafitte Redevelopment Blocks 1-3, LLC and of Lafitte Redevelopment Blocks 5-7, LLC.

Noncontrolling Interest

The Corporation has a controlling interest in the following partnerships:

1. Providence Enterprise Orleans, LLC;
2. Lafitte Redevelopment, LLC;
3. Providence-Builders of Hope, LLC;
4. Providence Columbia Sacred Heart, LLC;
5. Onzaga Development Partners, LLC; and
6. Lafitte Block 6 Homeownership, LLC.

The other member in Providence Enterprise Orleans, LLC; Lafitte Redevelopment, LLC; and Lafitte Block 6 Homeownership, LLC is Enterprise New Orleans NT, LLC. The other member in Providence-Builders of Hope, LLC, is Builders of Hope, Inc. Their interests in the partnerships' income is shown as noncontrolling interests. The ownership percentages for the corporations are 50%.

The other member in Providence Columbia Sacred Heart, LLC is Columbia Sacred Heart, LLC. The other member in Onzaga Development Partners, LLC is New Affordable Housing Partners, LLC. Their interests in the partnerships' income is shown as noncontrolling interests. The ownership percentage for the noncontrolling interest is 49%. Income is allocated based on various operating agreements.

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Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Allowance for Credit Losses

Allowances for credit losses are estimated based on historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors.

Revenue with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Notes Receivable - Programmatic Loans

The Corporation uses the effective interest rate approach to account for its programmatic loans. When the Corporation believes its likely cash flows are less than the contractual cash flows, impairment losses are recorded.

Construction in Progress and Pre-development Costs

If present, construction in progress and pre-development costs consist of projects that will be rehabilitated for rental or home ownership purposes and the costs associated with rehabilitation.

Property and Equipment

Items capitalized as part of property and equipment are valued at cost. Donated property used by the Corporation is recorded at the fair market value on the date contributed.

The Corporation has adopted a policy of capitalizing property and equipment greater than \$2,000.

Depreciation of property and equipment is provided over the estimated lives (5 - 40 years) of the respective asset using the straight-line method of depreciation.

Income Taxes

Providence Community Housing qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended. The Corporation had no unrelated business income for the year. Providence Annunciation Inn Apartments, LLC; Providence Nazareth Inn I, LLC; Providence Nazareth Inn Apartments II, LLC; Providence Delille Inn Apartments, LLC; Providence St. John Berchman's Apartments, LLC;

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Providence St. Bakhita Apartments, LLC; Providence Lafitte Treme-Oak Place, LLC; PCH Sacred Heart at St. Bernard, LLC; and St. Ann 2017 MM, LLC have elected to be taxed as corporate entities. Lafitte Redevelopment, LLC; Providence Enterprise Orleans, LLC; Providence Building 12, LLC; Providence-Builders of Hope, LLC; Providence Columbia Sacred Heart, LLC; Onzaga Development Partners, LLC; Lafitte Block 6 Homeownership, LLC; and Our Lady of Lourdes, LLC have elected to be treated as partnerships for tax purposes.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of December 31, 2023, management of Providence Community Housing and Subsidiaries believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years December 31, 2020 and later remain subject to examination by the taxing authorities.

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the consolidated statement of cash flows, the Corporation considers highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statement of financial position that sum to the total in the consolidated statement of cash flows as of December 31, 2023:

Cash and cash equivalents	\$4,257,277
Cash restricted	<u>324,506</u>
<i>Total Cash, Cash Equivalents, and Restricted Cash</i>	<u>\$4,581,783</u>

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

Donated services are recognized as contributions in accordance with GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Donated services are valued and reported at estimated fair value in the consolidated financial statements based on current rates for similar services. The Corporation did not recognize any donated services during the year.

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Volunteers also provided services throughout the year, which are not recognized as contributions in the consolidated financial statements since the recognition criteria under GAAP were not met.

Donated Property and Equipment

Donation of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Properties Held for Sale

Properties held for sale are recorded at cost when acquired or constructed. The properties held for sale consist of various lots located in the City of New Orleans that will be used in redevelopment projects. The costs associated with maintaining these properties are included in 'Carrying costs on properties held for sale' on the consolidated statement of functional expenses.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Management Fees

The Corporation entered into an agreement with a management company to manage the Corporation's rental properties. The management company receives a fee of \$45 per unit per month on each occupied unit.

Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

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Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There were no assets or liabilities measured at fair value.

Leases

The Corporation follows the guidance of Accounting Standards Codification (ASC) Topic 842, *Leases*, which was issued by the Financial Accounting Standards Board (FASB) as Accounting Standards Update (ASU) No. 2016-02 in February 2016.

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation determines whether a contract contains a lease at inception by assessing whether it has the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

The Corporation classifies leases as either operating or finance leases based on criteria that are largely consistent with those applied in legacy lease accounting guidance. Operating leases result in the recognition of a right-of-use (ROU) asset and a lease liability on the consolidated statement of financial position, while finance leases result in the recognition of an ROU asset, a lease liability, and interest and amortization expense on the consolidated statement of activities.

The ROU asset represents the Corporation's right to use the leased asset for the lease term, and the lease liability represents the Corporation's obligation to make lease payments arising from the lease. The ROU asset and lease liability are initially measured at the present value of future lease payments over the lease term, discounted using the implicit rate in the lease or, if not readily determinable, the Corporation's incremental borrowing rate. The ROU asset is subsequently amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The lease liability is subsequently adjusted for interest and lease payments, as well as any reassessment or lease modifications.

The Corporation recognizes lease expense for operating leases on a straight-line basis over the lease term as expenses on the consolidated statement of activities. The Corporation recognizes interest expense on the lease liability and amortization expense on the ROU asset for finance leases within interest expense and depreciation and amortization expense, respectively, on the consolidated statement of activities.

The Corporation excludes leases with an initial term of 12 months or less from consolidated statement of financial position recognition and recognizes them as operating expenses on a straight-line basis over the lease term.

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B. Cash Restricted

Certain amounts of cash are restricted for the following purposes:

Capital Magnet Fund	\$316,131
Real estate development	3,375
Tenant security deposits	<u>5,000</u>
<i>Total</i>	<u>\$324,506</u>

C. Accounts Receivable - Allowance for Credit Losses

Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Corporation had the following activity for its allowance for credit losses for accounts receivable for the year ended December 31, 2023:

Beginning balance	\$17,266
Provision for expected credit losses	0
Write-offs	(17,266)
Recoveries	<u>0</u>
Ending balance	<u>\$ 0</u>

D. Due from Affiliates

The Corporation has provided assistance to affiliated projects. The amounts due from affiliates are non-interest bearing, have no repayment terms, and are payable out of surplus cash, if available.

The following are the balances receivable from affiliates:

St. Ann 2017, LLC - Administrative fees	\$ 68,581
Lafitte Treme Oak Place, LLC - Administrative fees	201,629
Others	<u>334</u>
	270,544
Less allowance for credit losses	(270,210)
<i>Total</i>	<u>\$ 334</u>

The Corporation had the following activity for its allowance for credit losses for balances due from affiliates for the year ended December 31, 2023:

Beginning balance	\$228,575
Provision for expected credit losses	41,635
Write-offs	0
Recoveries	<u>0</u>
Ending balance	<u>\$270,210</u>

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E. Developer Fee Receivable - Affiliates

The Corporation, through its subsidiary Providence-Builders of Hope, LLC, is owed a developer fee from Lafitte Treme Oak Place, LLC. The developer fee is payable from project surplus cash. During 2023 no payments were received. \$446,401

The Corporation, through its subsidiary, Onzaga Development Partners, LLC, is owed a developer fee from Sacred Heart of St. Bernard, LLC. The developer fee is payable from equity and project surplus cash. During 2023, no payments were received. 585,714

The Corporation, through its subsidiary St. Ann 2017 MM, LLC, is owed a developer fee from St. Ann 2017, LLC. The developer fee accrues interest at 2% per annum and is payable from project surplus cash. The balance due includes accrued interest of \$46,775. During 2023, no payments were received. 775,156

The Corporation is owed developer fees, payable from surplus cash (if available), from the following projects:

Delille Inn, LLC 132,045

Nazareth Inn I, LLC 178,615

Total \$2,117,931

F. Notes Receivable

The notes receivable balance includes accrued interest, is net of an allowance for expected credit losses, and consists of the following at December 31, 2023:

No.	Note receivable	Accrued interest	Subtotal	Less allowance	Total
(1)	\$ 250,672	\$ 0	\$ 250,672	\$ 250,672	\$ 0
(2)	681,644	93,366	775,010	675,010	100,000
(3)	388,826	205,949	594,775	594,775	0
(4)	315,000	389,478	704,478	0	704,478
(5)	923,465	74,553	998,018	998,018	0
(6)	1,218,510	0	1,218,510	1,218,510	0
(7)	1,623,816	303,998	1,927,814	1,927,814	0
(8)	1,017,055	314,324	1,331,379	217,831	1,113,548
(9)	1,552,022	523,683	2,075,705	2,075,705	0
(10)	475,000	0	475,000	0	475,000
<i>Total</i>	<u>\$ 8,446,010</u>	<u>\$1,905,351</u>	<u>\$10,351,361</u>	<u>\$7,958,335</u>	<u>\$2,393,026</u>

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Non-related Parties:

(1) The Corporation has lent funds to homeowners to acquire properties. These notes are reserved in full.

Related Parties:

(2) In May 2009, Annunciation Inn Apartments, LLC signed a promissory note in the amount of \$610,848. During 2023, an additional advance of \$100,000 for the generator project was made. The balance of this note and additional advance ("note") is \$681,644 and bears interest at the applicable federal rate of 4.34% at December 31, 2023. This note is due and payable on or before August 1, 2049.

(3) In May 2009, Delille Inn Apartments, LLC signed a promissory note in the amount of \$388,826. This note bears interest at the applicable federal rate that ranged from 1.9% to 4.34% during the year ended December 31, 2023. This note is unsecured and is due and payable on or before January 1, 2050.

(4) In September 2009, Nazareth Inn I, LLC signed a promissory note to pay the Corporation for plumbing improvements. This note is for \$315,000 and accrues interest at 8%. This amount is unsecured and is due on or before October 1, 2049.

(5) In May 2009, St. John Berchman's Apartments, LLC signed a promissory note in the amount of \$1,284,626. The balance of this note is \$923,465 and bears interest at the applicable federal rate which is 4.34% at December 31, 2023. This note is unsecured and is due and payable on or before February 1, 2050.

(6) In 2019, St. Ann 2017, LLC signed a surplus cash promissory note in the amount of \$875,000. During 2022 the note was increased up to \$1,218,510. This note is collateralized by property and bears no interest. The balance of the note is payable annually commencing on January 1, 2020 and thereafter until the entire indebtedness has been paid. The balance of this note is payable out of surplus cash with all unpaid amounts due on May 1, 2060. The note is collateralized by the property of St. Ann 2017, LLC.

(7) On December 6, 2018, St. Ann 2017, LLC signed a surplus cash promissory note in the original amount of \$1,998,409. The note is collateralized by property, bears interest at 7.5%, which commenced January 1, 2020 and thereafter until the entire indebtedness has been paid. This note is payable out of surplus cash with all unpaid amounts due on May 1, 2060. The note is collateralized by the property of St. Ann 2017, LLC.

(8) In December of 2016, Sacred Heart at St. Bernard, LLC signed a promissory note in the amount of \$1,017,055. This note bears interest at 4.16% per year. The principal balance of this note and all accrued, but unpaid interest shall be paid annually for a period of thirty-six years beginning on October 1, 2018, solely from the available cash flow under the operating agreement, and the principal balance and all accrued, but unpaid interest shall be due and payable on October 1, 2054.

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(9) During 2017, Sacred Heart at St. Bernard, LLC signed a promissory note in the amount of \$1,145,621. This note was subsequently increased to \$1,552,022 and bears interest at 5% per year. The principal balance of this note and all accrued, but unpaid interest shall be paid annually for a period of thirty-six years beginning on October 1, 2018, solely from the available cash flow under the operating agreement, and the principal balance and all accrued, but unpaid interest shall be due and payable on October 1, 2054.

(10) During 2019, Lafitte 2017, LLC signed a non-interest bearing promissory note with the Corporation totaling \$475,000. In April 2021, \$250,000 was repaid. In 2021, Lafitte 2017 signed an additional promissory note with the Corporation in the amount of \$250,000. Both notes will mature December 31, 2024.

The Corporation had the following activity for its allowance for credit losses for balances notes receivable for the year ended December 31, 2023:

Beginning balance	\$9,856,998
Provision for expected credit losses	365,340
Write-offs	(2,264,427)
Recoveries	<u>424</u>
Ending balance	<u>\$7,958,335</u>

G. Infrastructure

Management determined that the infrastructure construction related to the Lafitte redevelopment site will be dedicated to the City of New Orleans at the end of the agreement, and therefore, has no value on the consolidated statement of financial position. Accordingly, improvements are stated at net realizable value with a valuation allowance of \$5,398,499, which represents the infrastructure cost incurred through December 31, 2023. The amounts included in the accompanying consolidated statement of financial position at December 31, 2023 are as follows:

Infrastructure	\$5,398,499
Less: Valuation allowance	<u>(5,398,499)</u>
<i>Total</i>	<u>\$ <u>0</u></u>

H. Leasing Activities

The Corporation has operating and financing leases for office space and ground rental. The operating lease is for office space lease is from St. Ann 2017, LLC, an affiliated entity and has a term of 15 years ending in 2035. The finance lease relates to the Lafitte redevelopment site. It is a ground lease from the Housing Authority of the City of New Orleans with a term of 65 years ending in 2072.

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The following summarizes the line items in the consolidated statement of financial position:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
Right-of-use assets:			
Current	\$ 34,081	\$ 12,654	\$ 46,735
Noncurrent	<u>352,800</u>	<u>224,497</u>	<u>577,297</u>
<i>Total</i>	<u>\$386,881</u>	<u>\$237,151</u>	<u>\$624,032</u>
Lease liabilities:			
Current	\$ 34,081	\$ 12,654	\$ 46,735
Noncurrent	<u>352,800</u>	<u>224,497</u>	<u>577,297</u>
<i>Total</i>	<u>\$386,881</u>	<u>\$237,151</u>	<u>\$624,032</u>

The weighted average remaining lease term for operating and finance leases is 12 years and 49 years, respectively.

The weighted average discount rate for operating and finance leases is 3% and 5%, respectively.

The maturities of lease liabilities are:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 36,778	\$ 14,363	\$ 51,141
2025	37,513	14,363	51,876
2026	38,263	14,363	52,626
2027	39,029	14,363	53,392
2028	39,809	14,363	54,172
Thereafter	<u>301,721</u>	<u>628,394</u>	<u>930,115</u>
<i>Subtotal</i>	493,113	700,209	1,193,322
Less: Interest	<u>(106,232)</u>	<u>(463,058)</u>	<u>(569,290)</u>
<i>Present value</i>	<u>\$386,881</u>	<u>\$237,151</u>	<u>\$ 624,032</u>

The operating lease cost for the year was \$36,057.

The finance lease cost for the year was \$14,363.

I. Programmatic Investments in Partnerships

The Corporation reports its programmatic investments, Investments in Partnerships, using the equity method. The equity method is considered appropriate due to significant influence. See "Limited Liability Companies" in Note A. The programmatic investments consist of the following:

Managing Members:

Delille Inn Apartments, LLC	\$ 197,261
Lafitte Treme - Oak Place, LLC	720,736
Nazareth Inn I, LLC	1,455,803
Other investments	6,647
St. Ann 2017, LLC	<u>649,723</u>
<i>Total</i>	<u>\$3,030,170</u>

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The following is a summary of the financial information for significant investments in partnerships:

<u>Name</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net (loss)</u>
Lafitte Treme Oak Place, LLC	\$ <u>9,873,608</u>	\$ <u>2,583,997</u>	\$ <u>(258,700)</u>
Nazareth Inn I, LLC	\$ <u>11,359,313</u>	\$ <u>8,990,893</u>	\$ <u>(655,960)</u>
St. Ann 2017, LLC	\$ <u>14,574,816</u>	\$ <u>7,569,071</u>	\$ <u>(663,566)</u>
Delille Inn Apartments, LLC	\$ <u>5,297,160</u>	\$ <u>3,306,704</u>	\$ <u>(146,554)</u>

J. Accounts Payable - Other

Accounts Payable - Other consists of \$98,993 of developer fees owed to an unrelated entity.

K. Recoverable Grants and Other Liabilities

Recoverable grants and other liabilities consist of:

Recoverable grants:	
Lafitte Block 6 Homeownership, LLC	\$ <u>114,607</u>
Other liabilities:	
Tenant security deposits	5,000
Managing member loan:	
Providence Columbia Sacred Heart, LLC	\$ <u>312,934</u>
<i>Total Other Liabilities</i>	<u>317,934</u>
<i>Total Grants and Other Liabilities</i>	<u>\$432,541</u>

Lafitte Block 6 Homeownership, LLC, a subsidiary of the Corporation owes Enterprise Community Partners, Inc. \$114,607.

On December 27, 2016, Providence Columbia Sacred Heart, LLC, a subsidiary of the Corporation, entered into an agreement with New Affordable Housing Partners, LLC that is payable based on available cash flows. The balance is \$312,934.

L. Line of Credit

In February 2023, the Corporation obtained a \$2 million line of credit that bears interest of 5.75% and expires on February 28, 2026. \$1,721,969 was unused at December 31, 2023. The line of credit is unsecured.

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M. Long-Term Debt

	Loans	Forgivable Loan	Total
(1) First Horizon Bank	\$191,655	\$ 0	\$ 191,655
(2) State of Louisiana	0	107,951	107,951
(3) Greater New Orleans Foundation	750,000	0	750,000
<i>Total</i>	\$941,655	\$107,951	\$1,049,606

(1) In August 2013, the Corporation entered into an agreement in the amount of \$850,000. This loan bears interest at a rate of 5.75% and is payable in 180 monthly payments of \$7,097 ending August 28, 2028. This loan is collateralized by real estate with a carrying value of \$1,259,616.

(2) Beginning in 2011, the Corporation entered into forgivable debt agreements with the State of Louisiana. The agreements are non-interest bearing. The debt is forgivable at 10% per year once the property meets the State of Louisiana's affordability criteria. During 2023, \$189,499 of this debt was forgiven.

(3) In April 2022, the Corporation entered into a loan agreement with the Greater New Orleans Foundation in the amount of \$750,000. This loan bears interest at a rate of 3% and is due and payable April 25, 2027. Interest is payable semi-annually on October 1st and April 1st. This loan is unsecured.

Future maturities on long-term debt are projected as follows:

2024	\$ 181,752
2025	70,677
2026	47,177
2027	750,000
2028	0
Thereafter	0
<i>Total</i>	\$1,049,606

N. Net Assets

The following are the changes in net assets:

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total Net Assets
	Controlling	Non- controlling	Total		
Beginning of year	\$ 14,201,253	\$ 667,767	\$ 14,869,020	\$ 1,239,432	\$ 16,108,452
Contributions	0	0	0	0	0
Distributions	0	0	0	0	0
Change	24,446	6,973	31,419	7,949	39,368
End of year	\$ 14,225,699	\$ 674,740	\$ 14,900,439	\$ 1,247,381	\$ 16,147,820

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O. Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes at December 31, 2023:

Subject to expenditure for specified purposes:

Real Estate Development:

Capital Magnet Fund	\$ 1,197,381
Capital One grant	<u>50,000</u>
<i>Total</i>	\$ <u>1,247,381</u>

Net assets with donor restrictions of \$69,291 were released from restrictions for real estate development during the year.

P. NeighborWorks America Grants

NeighborWorks America provides expendable grants that have no donor restrictions to support program activities. During the year, \$399,500 was expended for this purpose.

Q. Concentrations

The Corporation may be subject to credit risk to its cash and cash equivalent investments, which are placed with high credit-quality financial institutions. From time to time, the Corporation may have amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") \$250,000 limit. As of December 31, 2023, the Corporation has approximately \$3,118,563 in cash and cash equivalents in excess of the FDIC \$250,000 limit.

R. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

Financial Assets	\$12,458,369
Less: Amounts unavailable for general expenditures within one year	<u>(8,188,953)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>4,269,416</u>

As part of its liquidity management, the Corporation has a policy to structure its financial assets to be available for general expenditures, liabilities, and as other obligations become due.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

S. Commitments, Contingencies, and Guarantees

In the normal course of business, the Corporation is involved in disputes related to certain projects. Management believes that the resolution of these matters will not have a material effect on the Corporation's financial position or results of operations.

The Corporation has operating deficit guarantees for the various projects that they are the managing member. No amounts were required for the year ended December 31, 2023.

On May 1, 2016, the Corporation guaranteed a loan from the Louisiana Housing Corporation for the Artspace Bell School Project of \$3,711,649. At December 31, 2023, \$3,672,188 was outstanding.

T. Reclassifications

Certain accounts in the prior year's summarized financial information have been reclassified for comparative purposes to conform with the presentation in the current year's consolidated financial statements.

U. Related Party Transactions

In December 2008, Building 12, LLC signed a promissory note to pay the Corporation \$270,000. The note accrues interest at 8%. This note is due and payable in one payment in December 2040. In 2010, Building 12, LLC completed development, and per the development agreement agreed to pay the Corporation \$92,447. In 2012, Building 12, LLC completed additional development, and per the development agreement agreed to pay the Corporation an additional \$76,509. The Corporation is owed \$168,956 of development fees which accrue interest at 8% and are payable from cash flow pursuant to the partnership's operating agreement. During 2023, these amounts were paid partially, in full, or written off in conjunction with the sale of Building 12, LLC. No balance is due at December 31, 2023.

In December 2007, St. Bakhita Apartments, LLC signed a note to pay the Corporation \$50,000. The note accrues interest at a rate of 8% and is due on or before December 31, 2042. In December 2007, St. Bakhita Apartments, LLC signed a note to pay the Corporation \$559,869. The note accrues interest at a rate of 8% and is due on or before December 31, 2042. During 2023, these amounts were paid partially, in full, or written off in conjunction with the sale of St. Bakhita Apartments, LLC. No balance is due at December 31, 2023.

In May 2008, Delille Inn Apartments, LLC signed a development service agreement to pay the Corporation for developing the project. The deferred development fee is \$65,941 and accrues interest at 8%. This amount is due on or before December 31, 2023. The principal balance and accrued interest of \$65,941 and \$131,611, respectively, were paid via a non-cash capital contribution of \$197,552 by the Corporation. No balance is due at December 31, 2023.

In May 2009, Nazareth Inn I, LLC signed an unsecured development service agreement to pay the Corporation for developing the project. The deferred development fee was \$544,365 and accrued interest at 8%. This amount was

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

due on or before December 31, 2023. The principal balance and accrued interest of \$544,365 and \$497,595, respectively, were paid via a non-cash capital contribution of \$1,041,960 by the Corporation. No balance is due at December 31, 2023.

Also see related party transactions in the following notes.

<u>Note</u>	<u>Description</u>
A.	Limited Liability Companies
D.	Due from Affiliates
E.	Developer Fee Receivables - Affiliates
F.	Notes Receivable - Related Parties
H.	Leasing Activities
I.	Programmatic Investments in Partnerships
S.	Commitments, Contingencies, and Guarantees
V.	Subsequent Events

V. Subsequent Events

Subsequent to year end, the following amounts included in deposits on the consolidated statement of financial position were utilized.

The Corporation assumed the limited partners' interest in Nazareth Inn II Apartments LLC, a related party.	\$ 127,670
The Corporation sold 1209 N. Villere	<u>179,392</u>
<i>Total</i>	\$ <u>307,062</u>

In January 2024, the Corporation acquired the 99.99% limited partnership interest in Annunciation Inn Apartments, LLC; Delille Inn Apartments, LLC; Nazareth Inn Apartments, LLC; and Nazareth Inn II Apartments, LLC.

Subsequent events have been evaluated through June 24, 2024, which is the date the consolidated financial statements were available to be issued.

W. Adoption of FASB 2016-13 and Related Standards

At the beginning of 2023, the Corporation adopted FASB ASU 2016-13. *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Corporation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Corporation's consolidated financial statements but did change how the allowance for credit losses is determined.

SUPPLEMENTARY INFORMATION

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2023

(With summarized financial information for the year ended December 31, 2022)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onzaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2023	Total 2022
CURRENT ASSETS													
Cash and cash equivalents	\$ 4,166,499	\$ 16,212	\$ 67,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,006	\$ 4,257,277	\$ 0	\$ 4,257,277	\$ 3,834,366
Accounts receivable, net	11,805	10,000	0	0	0	0	0	69,622	0	91,427	0	91,427	91,264
Other receivable, net	0	0	0	243,698	0	0	0	0	0	243,698	0	243,698	841,274
Grants receivable, net	0	0	0	0	0	0	0	0	0	0	0	0	102,271
Prepaid expenses	58,175	5,454	7,149	0	0	0	0	0	0	70,778	0	70,778	51,685
Right-of-use assets, current portion:													
Operating leases	34,081	0	0	0	0	0	0	0	0	34,081	0	34,081	34,316
Finance leases	0	12,654	0	0	0	0	0	0	0	12,654	0	12,654	13,301
Total Current Assets	4,270,560	44,320	74,709	243,698	0	0	0	69,622	7,006	4,709,915	0	4,709,915	4,968,477
PROPERTY AND EQUIPMENT													
Land	458,061	0	0	0	0	0	0	0	0	458,061	0	458,061	3,231,893
Buildings	4,122,550	55,750	0	0	0	0	0	0	0	4,178,300	0	4,178,300	4,548,766
Office furniture and equipment	329,352	0	0	0	0	0	0	0	0	329,352	0	329,352	295,134
	4,909,963	55,750	0	0	0	0	0	0	0	4,965,713	0	4,965,713	8,075,793
Less: Accumulated Depreciation	1,203,037	30,692	0	0	0	0	0	0	0	1,233,729	0	1,233,729	1,160,662
Total Property and Equipment	3,706,926	25,058	0	0	0	0	0	0	0	3,731,984	0	3,731,984	6,915,131
OTHER ASSETS													
Cash restricted	321,131	0	0	0	0	0	3,375	0	0	324,506	0	324,506	667,159
Properties held for sale	273,394	0	0	0	0	0	0	0	0	273,394	0	273,394	347,244
Due from affiliates, net	123,335	0	0	0	0	100	0	151	0	123,586	123,252	334	436
Deposits	310,134	0	0	0	0	0	0	0	0	310,134	0	310,134	2,822
Developer fee receivable:													
Affiliates, net	1,085,816	0	0	0	446,401	585,714	0	0	0	2,117,931	0	2,117,931	2,103,363
Notes receivable, net	3,434,964	0	0	0	0	0	0	1,331,379	0	4,766,343	2,373,317	2,393,026	4,314,228
Right-of-use assets, noncurrent portion:													
Operating leases	352,800	0	0	0	0	0	0	0	0	352,800	0	352,800	385,711
Finance leases	0	224,497	0	0	0	0	0	0	0	224,497	0	224,497	237,151
Investments in partnerships	3,691,621	0	0	0	0	0	0	855,061	3,022,223	7,568,905	4,538,735	3,030,170	4,324,033
Infrastructure, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-development costs	633,474	237,730	0	0	0	0	111,232	0	899,658	1,882,094	527,718	1,354,376	520,192
Total Other Assets	10,226,669	462,227	0	0	446,401	585,814	114,607	2,186,591	3,921,881	17,944,190	7,563,022	10,381,168	12,902,339
Total Assets	\$ 18,204,155	\$ 531,605	\$ 74,709	\$ 243,698	\$ 446,401	\$585,814	\$114,607	\$ 2,256,213	\$ 3,928,887	\$26,386,089	\$ 7,563,022	\$18,823,067	\$24,785,947

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2023

(With summarized financial information for the year ended December 31, 2022)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onzaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2023	Total 2022
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts payable and other accrued expenses	\$ 34,709	\$ 0	\$ 2,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 314,324	\$ 0	\$ 351,237	\$ 217,831	\$ 133,406	\$ 110,459
Accrued wages and vacation	54,940	0	0	0	0	0	0	0	0	54,940	0	54,940	63,691
Deferred rents, current portion	3,698	0	0	0	0	0	0	0	0	3,698	0	3,698	11,158
Line of credit	278,031	0	0	0	0	0	0	0	0	278,031	0	278,031	0
Lease liabilities, current portion:													
Operating	34,081	0	0	0	0	0	0	0	0	34,081	0	34,081	34,316
Finance	0	12,654	0	0	0	0	0	0	0	12,654	0	12,654	13,301
Long-term debt, due within one year	181,752	0	0	0	0	0	0	0	0	181,752	0	181,752	62,919
Total Current Liabilities	587,211	12,654	2,204	0	0	0	0	314,324	0	916,393	217,831	698,562	295,844
OTHER LIABILITIES													
Accounts payable - other	98,993	0	0	0	0	0	0	0	0	98,993	0	98,993	98,993
Due to related parties	102	0	123,099	243,698	0	0	0	1,524,172	2,051,047	3,942,118	3,942,118	0	0
Recoverable grants	0	0	0	0	0	0	114,607	0	0	114,607	0	114,607	114,607
Other liabilities	5,000	0	0	0	0	0	0	312,934	0	317,934	0	317,934	827,988
Deferred rents, less current portion	0	0	0	0	0	0	0	0	0	0	0	0	733,586
Lease liabilities, noncurrent portion:													
Operating	352,800	0	0	0	0	0	0	0	0	352,800	0	352,800	385,711
Finance	0	224,497	0	0	0	0	0	0	0	224,497	0	224,497	237,151
Long-term debt, less current portion	867,854	0	0	0	0	0	0	0	0	867,854	0	867,854	5,983,615
Total Other Liabilities	1,324,749	224,497	123,099	243,698	0	0	114,607	1,837,106	2,051,047	5,918,803	3,942,118	1,976,685	8,381,651
Total Liabilities	1,911,960	237,151	125,303	243,698	0	0	114,607	2,151,430	2,051,047	6,835,196	4,159,949	2,675,247	8,677,495
NET ASSETS	16,292,195	294,454	(50,594)	0	446,401	585,814	0	104,783	1,877,840	19,550,893	3,403,073	16,147,820	16,108,452
Total Liabilities and Net Assets	\$ 18,204,155	\$ 531,605	\$ 74,709	\$ 243,698	\$ 446,401	\$585,814	\$114,607	\$ 2,256,213	\$ 3,928,887	\$26,386,089	\$ 7,563,022	\$18,823,067	\$24,785,947

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

(With summarized financial information for the year ended December 31, 2022)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onzaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2023	Total 2022
REVENUE, SUPPORT, GAINS AND LOSSES													
Contributions	\$ 13,714	\$ 0	\$ 48,609	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,323	\$ (43,500)	\$ 18,823	\$ 13,440
Grants	673,289	0	0	0	0	0	0	0	0	673,289	0	673,289	1,491,485
Interest	497,141	0	0	0	0	0	0	53,173	0	550,314	(36,850)	513,464	799,388
Rents	243,470	55,500	0	0	0	0	0	0	0	298,970	0	298,970	330,080
Miscellaneous	161,059	12	0	0	0	0	0	0	0	161,071	0	161,071	12,852
Partnership income (loss)	(2,536,655)	0	0	0	0	0	0	7,009	148	(2,529,498)	2,529,589	91	14,552
Program services	42,071	0	95,900	0	0	0	0	13,912	0	151,883	0	151,883	105,907
Gain on sale of assets	3,079,937	0	0	0	0	0	0	0	(2,549,254)	530,683	170,698	701,381	382,345
Recoveries of credit losses	531,959	0	0	0	0	0	0	0	0	531,959	(531,535)	424	0
Total	2,705,985	55,512	144,509	0	0	0	0	74,094	(2,549,106)	430,994	2,088,402	2,519,396	3,150,049
EXPENSES													
Accounting	44,956	575	4,500	0	0	0	0	0	0	50,031	0	50,031	45,863
Provision for credit losses	767,812	0	0	0	0	0	0	0	0	767,812	360,837	406,975	969,290
Carrying costs on properties held for sale	9,900	0	0	0	0	0	0	0	0	9,900	0	9,900	21,738
Community center activities	10,865	0	6,582	0	0	0	0	0	0	17,447	0	17,447	7,591
Conferences and meetings	2,988	0	0	0	0	0	0	0	0	2,988	0	2,988	6,486
Consulting	121,269	0	0	0	0	0	0	0	0	121,269	0	121,269	101,434
Contributions	7,890	43,500	0	0	0	0	0	0	0	51,390	(43,500)	7,890	454,424
Depreciation	131,530	5,575	0	0	0	0	0	0	0	137,105	0	137,105	139,031
Direct assistance	38,154	0	0	0	0	0	0	0	0	38,154	0	38,154	33,381
Dues and subscriptions	3,679	0	0	0	0	0	0	0	0	3,679	0	3,679	9,018
Employee benefits	84,040	0	0	0	0	0	0	0	0	84,040	0	84,040	90,506
Equipment rental	1,678	0	10,676	0	0	0	0	0	0	12,354	0	12,354	7,285
Insurance	101,830	11,399	12,462	0	0	0	0	0	0	125,691	0	125,691	89,078
Interest	35,927	0	0	0	0	0	0	53,173	0	89,100	(36,850)	52,250	159,367
IT support	25,975	0	0	0	0	0	0	0	0	25,975	0	25,975	22,500
Legal	20,259	0	0	0	0	0	0	0	0	20,259	0	20,259	5,965
Management fees	16,202	0	0	0	0	0	0	0	0	16,202	0	16,202	16,227
Marketing and sponsorships	5,425	0	0	0	0	0	0	0	0	5,425	0	5,425	9,505
Meals and entertainment	10,712	0	0	0	0	0	0	0	0	10,712	0	10,712	6,256
Miscellaneous, office, and supplies	53,529	10	26,709	0	0	0	0	0	0	80,248	0	80,248	101,924
Payroll taxes	69,358	0	0	0	0	0	0	0	0	69,358	0	69,358	70,453
Postage and shipping	378	0	0	0	0	0	0	0	0	378	0	378	741
Pre-development/Development	2,400	0	0	0	0	0	0	0	0	2,400	0	2,400	116,953
Printing and publications	618	0	0	0	0	0	0	0	0	618	0	618	1,044
Rent and office occupancy	64,143	0	0	0	0	0	0	0	0	64,143	0	64,143	62,889
Repairs	115,043	0	8,605	0	0	0	0	0	0	123,648	0	123,648	130,156
Salaries	910,403	0	0	0	0	0	0	0	0	910,403	0	910,403	929,344
Telephone	7,749	0	9,420	0	0	0	0	0	0	17,169	0	17,169	16,827
Travel	9,256	0	0	0	0	0	0	0	0	9,256	0	9,256	9,338
Utilities	(206)	0	54,267	0	0	0	0	0	0	54,061	0	54,061	64,531
Total	2,673,762	61,059	133,221	0	0	0	0	53,173	0	2,921,215	(441,187)	2,480,028	3,699,145
Change in net assets	\$ 32,223	\$ (5,547)	\$ 11,288	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,921	\$ (2,549,106)	\$ (2,490,221)	\$ (2,529,589)	\$ 39,368	\$ (549,096)

Providence Community Housing and Subsidiaries
Notes to Consolidating Schedules
December 31, 2023

1. Sacred Heart Consolidated

The Sacred Heart Consolidated column represents the balances and/or activities of the following:

- 1) PCH Sacred Heart at St. Bernard, LLC, and
- 2) Providence Columbia Sacred Heart, LLC.

All significant intercompany transactions have been eliminated.

2. General Partners Total

The General Partners Total column represents the balances and/or activities of the following:

- 1) Providence Annunciation Inn Apartments, LLC;
- 2) Providence Delille Inn Apartments, LLC;
- 3) Providence Nazareth Inn I, LLC;
- 4) Providence Nazareth Inn Apartments II, LLC;
- 5) Providence St. John Berchman's Apartments, LLC;
- 6) Providence St. Bakhita Apartments, LLC and St. Bakhita Apartments, LLC;
- 7) Providence Building 12, LLC and Building 12, LLC;
- 8) Providence Lafitte Treme-Oak Place, LLC,;
- 9) St. Ann 2017 MM, LLC;
- 10) Annunciation Inn 2024 Manager, LLC;
- 11) Annunciation Inn 2024, LLC;
- 12) Nazareth Inn 2024 Manager, LLC; and
- 13) Nazareth Inn 2024, LLC.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FROM PUBLIC FUNDS
YEAR ENDED DECEMBER 31, 2023

No compensation, reimbursements, and benefits were paid to the chief executive officer from public funds.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
SCHEDULE OF GRANTS YEAR ENDED DECEMBER 31, 2023
(With Summarized Financial Information Year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
U.S. Department of Housing and Urban Development:		
Community Development Block Grant	\$ 19,290	\$ 278,980
Capacity Building for Community Development and Affordable Housing	0	40,000
U.S. Department of Treasury:		
NeighborWorks America	399,500	452,000
U.S. Department of Homeland Security:		
Federal Emergency Management Agency Disaster Grants-Public Assistance	0	439,432
Debt forgiveness	189,499	211,073
Private grants	65,000	70,000
<i>Total Grants</i>	\$ 673,289	\$ 1,491,485

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

KIRTH M. PACIERA, C.P.A.
TIMOTHY L. PRIEST, C.P.A.

MEMBERS OF
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KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)
RENE G. GAUTREAU, C.P.A.
(1958-2019)

INDEPENDENT AUDITOR'S 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
Providence Community Housing
and Subsidiaries
New Orleans, 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 Providence Community Housing and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Providence Community Housing and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing 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 Providence Community Housing and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Providence Community Housing and Subsidiaries' 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 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 or significant deficiencies may exist that were not identified.

**Board of Directors
Providence Community Housing
and Subsidiaries**

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Paciera, Gautreau & Priest, LLC
Metairie, Louisiana
June 24, 2024