Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

December 31, 2021

JERICHO ROAD
EPISCOPAL HOUSING INITIATIVE

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

December 31, 2021

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New Orleans, Louisiana

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Jericho Road Episcopal Housing Initiative, Inc. and Affiliates,
New Orleans, Louisiana.

Opinion

We have audited the accompanying consolidated financial statements of Jericho Road Episcopal Housing Initiative, Inc. and Affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, 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 referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the Organization 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 opinion.

Responsibilities of Management for the 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.

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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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, 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 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 the Organization's 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 the Organization's 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.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules (Schedules 1 through 6) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements of the Organization. The supplementary information in Schedule 7 is presented for purposes of additional analysis, is required by Louisiana Revised Statute 24:513(A)(3), and is 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 as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 consolidated financial statements, and our report dated May 3, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

December 31, 2021
(with comparative totals for 2020)

ASSETS

	2021	2020
Current Assets		
Cash and cash equivalents	$ 229,377	$ 291,919
Grants receivable	119,975	151,675
Other receivable	-	6,663
Promises to give	10,000	-
Inventory	1,117,173	1,238,250
Prepaid expenses	13,618	22,759
Total current assets	1,490,143	1,711,266
Property and Equipment		
Office equipment	11,871	11,871
Furniture and fixtures	31,390	31,390
Vehicles	25,714	25,714
Less accumulated depreciation	(65,177)	(64,562)
Total property and equipment, net	3,798	4,413
Other Assets		
Soft second mortgage loans receivable, net	150,109	188,711
Investment in Community Project	59,216	59,216
Total other assets	209,325	247,927
Total assets	$ 1,703,266	$ 1,963,606

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Accounts payable	$ 53,101	$ 111,730
Accrued expenses	22,909	31,307
Accrued interest payable	6,310	379
Lines of credit	224,269	253,318
Total current liabilities	306,589	396,734
Noncurrent Liabilities		
Long-term debt	425,558	510,558
Economic Injury Disaster Loan	150,000	150,000
Total noncurrent liabilities	575,558	660,558
Total liabilities	882,147	1,057,292
Net Assets		
Without donor restrictions	821,119	831,314
With donor restrictions	-	75,000
Total net assets	821,119	906,314
Total liabilities and net assets	$ 1,703,266	$ 1,963,606

Exhibit B

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2021
(with comparative totals for 2020)

	2021			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2020 Totals
Support and Revenue				
Sales of homes	$ 764,557	$ -	$ 764,557	$ 804,529
Grant income	408,099	-	408,099	541,318
Contributions	60,177	-	60,177	27,041
In-kind support	210,882	-	210,882	178,015
Interest income	-	-	-	40,708
Miscellaneous income	36,976	-	36,976	322,824
Paycheck Protection Program loan forgiveness	-	-	-	54,400
New Markets Tax Credit loan forgiveness	-	-	-	663,066
Property development income	3,841	-	3,841	101,639
Net assets released from restrictions satisfaction of restrictions	75,000	(75,000)	-	-
Total support and revenue	1,559,532	(75,000)	1,484,532	2,733,540
Expenses				
Program expenses:				
Cost of homes sold:				
Inventory cost	572,655	-	572,655	859,463
Closing costs paid by seller	13,925	-	13,925	23,620
Total cost of homes sold	586,580	-	586,580	883,083
Home development	546,080	-	546,080	524,508
Vacant land management	27,065	-	27,065	28,683
Community engagement	65,222	-	65,222	96,832
Total program expenses	1,224,947	-	1,224,947	1,533,106

Exhibit B
(Continued)

	2021			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2020 Totals
Expenses (Continued)				
Administrative expenses	237,641	-	237,641	437,413
Marketing/fundraising	107,139	-	107,139	100,129
Total expenses	1,569,727	-	1,569,727	2,070,648
Change net assets	(10,195)	(75,000)	(85,195)	662,892
Net Assets				
Beginning of year	831,314	75,000	906,314	243,422
End of year	$ 821,119	$ -	$ 821,119	$ 906,314

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021
(with comparative totals for 2020)

	Program Expenses			
	Home Development	Vacant Land Management	Community Engagement	Total Program Expenses
Advertising and marketing	$ -	$ -	$ -	$ -
Amortization of soft second mortgages	4,358	-	-	4,358
Bank fees	-	-	-	-
Business registration fees	74	-	-	74
Community development contract labor	-	-	25,000	25,000
Community promotions	-	-	563	563
Computer software and equipment	8,904	-	-	8,904
Continuing education	-	-	-	-
Cost of homes sold	586,580	-	-	586,580
Depreciation	-	-	-	-
Fundraising	-	-	-	-
Home development	55,533	50	-	55,583
Insurance	59,174	-	-	59,174
Interest	535	-	-	535
Interest expense - loan cost amortization	-	-	-	-
Office supplies	15,063	-	29	15,092
Payroll taxes	-	-	-	-
Postage	-	-	-	-
Printing and copying	195	-	148	343
Professional fees	45	-	-	45
Rent	15,840	1,320	3,960	21,120
Salaries and benefits	314,152	19,942	13,987	348,081
Salaries and benefits in-kind	65,451	-	21,535	86,986
Telephone expense	100	-	-	100
Travel and meetings	5,225	-	-	5,225
Vacant land management	1,431	5,753	-	7,184
	$ 1,132,660	$ 27,065	$ 65,222	$ 1,224,947

See notes to consolidated financial statements.

Administrative Expenses	Marketing/ Fundraising	Totals 2021	Totals 2020
$ -	$ 10,188	$ 10,188	$ 2,108
34,244	-	38,602	38,603
354	-	354	1,939
228	-	302	1,051
8,333	18,467	51,800	52,142
-	-	563	1,484
1,429	-	10,333	4,171
-	-	-	2,227
-	-	586,580	883,083
615	-	615	762
-	3,019	3,019	6,982
-	-	55,583	40,206
9,868	-	69,042	59,600
31,014	-	31,549	76,087
-	-	-	132,351
5,690	313	21,095	18,054
15,991	-	15,991	16,007
287	-	287	118
2,808	31	3,182	3,523
17,625	-	17,670	103,126
5,280	-	26,400	26,400
99,075	1,050	448,206	415,038
-	73,896	160,882	178,015
4,800	-	4,900	3,500
-	175	5,400	557
-	-	7,184	3,514
$ 237,641	$ 107,139	$ 1,569,727	$ 2,070,648

CONSOLIDATED STATEMENT OF CASH FLOWS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021
(with comparative totals for 2020)

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ (85,195)	$ 662,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of inventory	50,000	-
Paycheck Protection Program loan forgiveness	-	(54,400)
New Markets Tax Credit loan forgiveness, net	-	(663,066)
Depreciation	615	762
Amortization of soft second mortgages	38,602	38,603
Interest expense - amortization of loan costs	-	132,351
(Gain) loss on homes sold	(177,977)	78,554
(Increase) decrease in operating assets:		
Grants receivable	31,700	(109,690)
Interest receivable	-	253,879
Other receivables	6,663	23,238
Promises to give	(10,000)	-
Prepaid expenses	9,141	3,661
Increase (decrease) in operating liabilities:		
Accounts payable	(58,629)	23,983
Accrued expenses	(8,398)	13,311
Accrued interest payable	5,931	(253,500)
Net cash provided by (used in) operating activities	(197,547)	150,578
Cash Flows From Investing Activities		
Proceeds from homes sold	722,732	773,159
Cost of home/lot purchased for construction	(473,678)	(848,478)
Net cash provided by (used in) investing activities	249,054	(75,319)

Exhibit D
(Continued)

	2021	2020
Cash Flows From Financing Activities		
Payments on long-term debt	(85,000)	(126,830)
Borrowings from Economic Injury Disaster Loan	-	150,000
Borrowings from Paycheck Protection Program loan	-	54,400
Net line of credit draws (payments)	(29,049)	3,318
Net cash provided by (used in) financing activities	(114,049)	80,888
Net Increase (Decrease) In Cash and Cash Equivalents	(62,542)	156,147
Cash and Cash Equivalents		
Beginning of year	291,919	135,772
End of year	$ 229,377	$ 291,919
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest during the year	$ 25,618	$ 35,380
Supplemental Disclosure of Noncash Investing and Financing Activities		
Note receivable applied as partial satisfaction of $2,000,000 note payable balance	$ -	$ 1,336,934

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

December 31, 2021 and 2020

Note 1 - NATURE OF ACTIVITIES

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates (the "Organization") is a neighborhood-based non-profit organization that was formed as a tax exempt organization in March 2006. It is located in New Orleans, Louisiana, and the initial and sole member of the Organization was the Diocese of the Episcopal Church of Louisiana (the "Diocese"). In October 2011, sole membership was assigned and conveyed by the Diocese to Christ Church Corporation, a Louisiana non-profit religious corporation. The primary purpose of the Organization is to provide healthy and energy efficient affordable housing opportunities in New Orleans neighborhoods for working families and individuals.

The Organization works with other non-profit organizations, businesses, governmental agencies, and neighborhood residents to create and maintain a stable and thriving community. Long-term housing strategies include new construction and rehabilitation of existing owner-occupied homes. The Organization is supported primarily through contributions and grants.

On October 8, 2014, Jericho QALICB, L.L.C., (QALICB) was established as a non-profit corporation to operate exclusively for the benefit of the Organization and to support the charitable and social purposes of the Organization and specifically to facilitate the New Markets Tax Credit transaction as described in Note 9. Upon dissolution of the QALICB, all of its assets, in excess of those necessary to liquidate its outstanding liabilities, shall be and becomes the property of the Organization. On October 23, 2020, QALICB exercised an option to assign and transfer the debt to QALICB in full satisfaction of the initial agreement.

On November 1, 2017, the Organization became the sole member of Project Homecoming, Inc. ("Project Homecoming"). Project Homecoming is a faith-based community development non-profit organization, established in April 2010, building resilient neighborhoods in the greater New Orleans area. Project Homecoming is committed to facilitating a culture of care in targeted communities through safe, durable, affordable, and environmentally sensitive construction, community driven partnerships, service, and fellowship.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Organization is a non-profit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of R.S. 47.121(5).

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 upon examination. As of December 31, 2021, management believes the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2018 and later remain subject to examination by the taxing authorities.

b. Basis of Accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

c. Use of Estimates

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

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as:

Net Assets without Donor Restrictions - Resources that are available to support the general operations of the Organization.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation (Continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or net assets that are maintained permanently by the Organization.

e. Principles of Consolidation

The accompanying consolidated financial statements show the combined assets, liabilities and transactions of the Jericho Road Episcopal Housing Initiative, Inc., QALICB, and Project Homecoming. All intercompany transactions and resulting balances accounts have been eliminated in the consolidated financial statements.

f. Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Organization considers all short-term highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

g. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises are recorded net of an allowance for uncollectible amounts estimated by management of the Organization. There is no allowance for uncollectible accounts as of December 31, 2021 and 2020.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were approximately $167,500 and $217,500 in conditional promises to give as of December 31, 2021 and 2020, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventory

All direct material, labor, and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs are recorded as inventory on the Consolidated Statements of Financial Position as they are incurred. Land costs included in inventory are stated at cost or fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the Consolidated Statements of Activities.

i. Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes all costs with an estimated useful life greater than one year and an original cost in excess of $1,500. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Depreciation is provided principally on the straight-line method, over the following estimated useful lives:

	Years
Office equipment	5
Furniture and fixtures	5-20
Vehicles	5

j. Soft Second Mortgage Loans Receivable

Soft second mortgage loans receivable consists of non-interest bearing forgivable loans secured by real estate. No repayment is required unless the borrower fails to maintain ownership of the property and resides in it as his/her principal place of residency for the duration of the applicable period of affordability, which is 15 years. In the event the borrower ceases to occupy the property, the entire amount of the loan, less any portion earned by the borrower, will be due and payable.

The borrower will earn a portion of the loan for each month that he/she owns and resides in the property as his/her principal place of residency. The borrower will earn the loan on a pro-rata basis for each month of ownership and occupancy as measured against the period of affordability.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Soft Second Mortgage Loans Receivable (Continued)

The Organization records the earned portion on a straight-line basis. The amortization expense is included in administrative expenses in the Consolidated Statement of Activities and Changes in Net Assets.

Soft second mortgage loans receivable totaled $150,109 and $188,711, net of amortization of $428,924 and $390,322 as of December 31, 2021 and 2020, respectively.

k. Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on existing economic conditions and the financial stability of home buyers. Management closely monitors outstanding grants receivable and other receivables and charges off to expense any balances that are determined to be uncollectible and establishes an allowance for estimated uncollectible receivables. No allowance was deemed necessary as of December 31, 2021 and 2020.

l. Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers*", as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its Consolidated Statements of Activities and Changes in Net Assets for the years ended December 31, 2021 and 2020:

Homes sold - The Organization's mission to provide affordable housing opportunities results in the sale of homes constructed in the course of business. The performance obligation is the delivery of the home to the customer. Revenue is recognized at the closing date of the sale of the home.

Property development income - The Organization has significant expertise in project management as it relates to the construction of affordable housing supported by private funding. The Organization offers development services to other non-profit organizations that are also developing affordable housing but do not have the level of expertise that the Organization does. The performance obligation is the delivery of services to the co-developer. Revenue is recognized at the time that services are rendered.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Revenue Recognition (Continued)

Costs incurred by the Organization in obtaining a contract are not capitalized. As part of the Organization's adoption of the new revenue recognition guidance, the Organization has elected to apply the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Organization otherwise would have recognized is one year or less. These costs are included in operating expenses in the Consolidated Statements of Activities and Changes in Net Assets.

The Organization has elected to apply practical expedients to not disclose the revenue related to unsatisfied performance obligations if the contract has an original duration of one year or less, and the Organization has recognized revenue for the amount in which it has the right to bill.

m. Support

Contributions are recorded as contributions without donor restrictions, or contributions with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as contributions without donor restrictions.

n. In-kind Support

The Organization records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support for the years ended December 31, 2021 and 2020 consisted of $210,882 and $178,015 in donated goods and services, respectively. Salaries and benefits include $160,882 and $178,015 of this in-kind support for the years ended December 31, 2021 and 2020, respectively. Other in-kind support totaling $50,000 includes land donated during the year ended December 31, 2021.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on direct identification of expense related to each function.

p. Land Development Costs

Costs that relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method.

q. Warranties

The Organization provides a new home warranty in the deed of trust on the sale of new homes as required by the State of Louisiana's New Warranty Act. The warranty is for one year and is generally for defects in materials and workmanship. The Organization did not record a warranty liability because the subcontractor furnishes a warranty. The Organization would only be liable if the subcontractor fails to honor their warranty.

r. Advertising and Marketing

The Organization uses advertising and marketing to promote its programs. Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses for the years ended December 31, 2021 and 2020 totaled $10,188 and $2,108, respectively.

s. Recently Issued Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Recently Issued Accounting Standards (Continued)

Leases (Continued)

the Consolidated Statement of Activities and Changes in Net Assets and the Consolidated Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-09, "*Leases Discount Rate for Lessees That Are Not Public Business Entities*" (Topic 842) currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). The amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for fiscal years beginning after June 15, 2022. The Organization is currently evaluating the full effect that the adoption of this standard will have on its consolidated financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 consolidated financial statement presentation.

u. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through June 28, 2022.

Note 3 - LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization is substantially supported by restricted contributions and grants. Because a donor's or grantor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors and grantors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The following table represents financial assets available for general expenditures within one year as of December 31, 2021 and 2020:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 229,377	$ 291,919
Grants receivable	119,975	151,675
Other receivables	-	6,663
Promises to give	10,000	-
Total financial assets, as of December 31, 2021 and 2020	359,352	450,257
Less amounts not available to be used within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose restricted net assets	-	(75,000)
Financial assets available to meet general expenditures within one year	$ 359,352	$ 375,257

Note 4 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains deposits with local financial institutions. Accounts at these institutions are insured by the U.S. Federal Deposit Insurance Corporation up to $250,000 per account. The balances at times may exceed federally insured limits. As of December 31, 2021, there were no balances in excess of insured amounts.

Note 5 - LIMITED USE ASSETS

Pursuant to the New Markets Tax Credit Financing Commitment as described in Note 9, the Organization was required to maintain funding in separate bank accounts until construction related disbursements are approved by the lending financial institution. These funds are held for home construction. On October 23, 2020, the New Markets Tax Credit financing commitment was concluded (see Note 9).

Note 6 - INVENTORY

Inventory activity for the years ended December 31, 2021 and 2020 consisted of the following components:

	2021					
Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
Lots available for development	25	$ 557,107	$ 50,516	$ -	$ -	$ 607,623
Construction-in-progress	3	660,543	338,170	-	(509,763)	488,950
Completed homes	-	-	-	509,763	509,763	-
Project Homecoming	1	20,600	-	-	-	20,600
Totals		$ 1,238,250	$ 388,686	$ 509,763	$ -	$ 1,117,173

	2020					
Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
Lots available for development	25	$ 479,167	$ 119,901	$ -	$ (41,961)	$ 557,107
Construction-in-progress	5	535,317	487,426	-	(362,200)	660,543
Completed homes	-	206,401	81,579	692,141	404,161	-
Project Homecoming	1	20,600	-	-	-	20,600
Totals		$ 1,241,485	$ 688,906	$ 692,141	$ -	$ 1,238,250

Inventories are stated at cost plus the estimated fair value of donated land and furniture at the time of donation.

Note 7 - INVESTMENT IN COMMUNITY PROJECT

Investment in Community Project is stated at cost. This investment represents costs incurred on a project to develop a community park. The property is owned by the City of New Orleans (the "City") and the Organization's plan is to enter into an agreement with the City, solicit grants and/or funds and direct the development of this property into a community park for the benefit of homeowners in the area.

Note 8 - NOTE RECEIVABLE

On October 16, 2014, the Organization issued a note receivable to FANUC NMTC Hybrid Fund, L.L.C. (the "Fund") as a part of the New Markets Tax Credit Financing Transaction described in Note 9. The Fund was taken over by Advantage Capital Partners during the year ended December 31, 2017 due to FNBC going into receivership.

The note carried an interest rate of 3.653883%, interest was payable quarterly. The note receivable was secured with the assets of the Fund. The note receivable was pledged as security for the note payable to Advantage Capital Partners described in Note 12. Interest income earned relating to the note was $40,708 for the year ended December 31, 2020. On October 23, 2020, QALICB exercised an option to assign and transfer the debt to QALICB in full satisfaction of the initial agreement (See Note 9).

Note 9 - NEW MARKETS TAX CREDIT

On October 16 2014, the Company executed a New Markets Tax Credit Financing Transaction with First NBC (see Note 12) to fund the purchase and renovation of low-income housing in New Orleans (the "Project"). The Project was taken over by Advantage Capital Partners during the year ended December 31, 2017 due to FNBC going into receivership. The structure realized the benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund (CDFI), a branch of the U.S. Department of Treasury, and from the State of Louisiana New Markets Tax Credit Program. The transaction includes multiple loans from Advantage Capital Partners totaling $2,000,000 toward the Project, as described in Note 12.

On October 23, 2020, an assignment and assumption agreement was entered into by and between the Jericho Road Episcopal Housing Initiative, Inc., QALICB and the lender, FNBC NMTC Hybrid Fund, L.L.C. FNBC NMTC Hybrid Fund, L.L.C. assigned and transferred its notes payable to Jericho Road Episcopal Housing Initiative, Inc., as full satisfaction for the note receivable balance of $1,336,934, including accrued interest. As a result of this transaction, Jericho Road Episcopal Housing Initiative, Inc. acquired all assets, liabilities, and equity of the FNBC NMTC Hybrid Fund, L.L.C. Upon completion of this transaction, Jericho Road Episcopal Housing Initiative, Inc. elected to forgive QALICB's note payable of $2,000,000.

Note 10 - LINE OF CREDIT

On June 18, 2020, the Organization entered into a construction line of credit with a maturity date of June 18, 2021. The total balance on the line of credit as of December 31, 2020 was $119,900. The line matured during the year ending December 31, 2021. Interest on the line of credit accrued at Wall Street Journal prime rate plus 1.0% or a minimum of 4.75%. The line of credit was secured with property under construction.

On March 6, 2020, the Organization entered into three construction lines of credit with the maturity date of September 6, 2021. Two lines of credit were extended through June 6, 2022, and have a balance of $224,269 as of December 31, 2021. One line of credit with a balance of $122,478 as of December 31, 2020 was paid in full upon the sale of inventory. Interest on the lines of credit accrue at Wall Street Journal prime rate plus 1% (4.25% as of December 31, 2021 and 2020). The lines of credit are secured with property under construction.

Note 11 - DEFERRED LOAN COSTS

Certain costs related to the New Markets Tax Credit Financing Commitment and other financing costs were capitalized and were being amortized over the estimated life of the related notes payable. These costs were expensed during the year ended December 31, 2020 as part of the transaction described in Note 9. For the year ended December 31, 2020, amortization expense totaled $5,329.

Note 12 - NOTE PAYABLE

Note payable as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Note payable to Hancock Whitney Bank, executed October 16, 2014, bearing interest at 5.5%, interest payable with a balloon payment due April 30, 2024, secured by inventory.	$ 425,558	$ 510,558

Note 12 - NOTE PAYABLE (Continued)

Interest expense on the note payable totaled $25,618 and $76,087 for the years ended December 31, 2021 and 2020, respectively.

The maturity of long-term debt is as follows:

Year Ending December 31,	
2024	$425,558

Note 13 - ECONOMIC INJURY DISASTER LOAN

On June 23, 2020 the Organization entered into an Economic Injury Disaster Loan (EIDL) agreement administered by the United States Small Business Administration (SBA) totaling $150,000. Interest on the loan is 2.75%. The loan requires principal and interest payments of $641 beginning June 22, 2022 through maturity, October 22, 2051. The loan is secured by substantially all tangible and intangible property of the Organization. The Organization has a balance outstanding of $150,000 as of December 31, 2021 and 2020, respectively. Interest expense on the loan totaled $5,931 for the year ended December 31, 2021.

The future maturities of this loan as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ -
2023	-
2024	147
2025	3,616
2026	3,717
Thereafter	142,520
Total	$150,000

Note 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted by donors for specific purposes or are available for subsequent periods. These restrictions are considered to expire when payments for the restricted purposes or period are made. There were no assets restricted for a subsequent period as of December 31, 2021 and 2020.

Note 14 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions as of December 31, 2021 and 2020 are available for the following purpose or future periods:

	2021	2020
Subject to expenditure for a specific purpose:		
Home purchases and construction	$ -	$75,000

Net assets released from restrictions for the year ended December 31, 2021 are as follows:

Purpose restrictions satisfied:	
Home purchases and construction	$75,000

Note 15 - GRANTS

During the years ended December 31, 2021 and 2020, the following grant revenue was recorded:

Grantor	2021	2020
Enterprise Community Partners, Inc.	$ 189,250	$ 40,000
U.S. Department of Housing and Urban Development - Pass-through funds from Jefferson Parish	57,474	87,816
Baptist Community Ministries	50,000	32,500
Hancock Whitney	40,000	-
United Way of Greater New Orleans	25,000	25,000
Capital One	20,000	20,000
Delta Regional Authority	15,875	134,124
Other miscellaneous	8,000	7,378
The Episcopal Church Center	2,500	9,500
New Orleans Redevelopment Authority	-	90,000
W.K. Kellogg Foundation	-	50,000
Greater New Orleans Foundation	-	25,000
RosaMary Foundation	-	20,000
Totals	$ 408,099	$541,318

Note 15 - GRANTS (Continued)

Grants receivable as of December 31, 2021 and 2020 are as follows:

	2021	2020
Grants receivable:		
Enterprise Community Partners	$ 57,000	$ -
Hancock Whitney Bank	40,000	5,000
US Department of Housing and Urban Development - Pass-through funds from Jefferson Parish	20,475	4,810
Episcopal Diocese of Greater New Orleans	2,500	-
New Orleans Redevelopment Authority	-	75,000
Delta Regional Authority	-	41,865
Greater New Orleans Foundation	-	25,000
Totals	$ 119,975	$151,675

Note 16 - HOMES SOLD

During the year ended December 31, 2021, two homes were sold to qualifying applicants, and during the year ended December 31, 2020, three homes were sold to qualifying applicants.

	2021	2020
Homes sold	$764,557	$804,529
Less due to seller	(41,825)	(31,370)
Homes sold, net proceeds	722,732	773,159
Cost of homes sold	586,580	883,083
Less due to seller	(41,825)	(31,370)
Costs of homes sold, net	544,755	851,713
Net gain (loss) on homes sold	$177,977	$ (78,554)

Note 17 - LEASE

During the years ended December 31, 2021 and 2020, the Organization leased office space under a month-to-month lease agreement from Christ Church Corporation. Monthly rent for the lease totaled $2,200. Rent expense related to the lease totaled $26,400 for both the years ended December 31, 2021 and 2020.

Note 18 - PENSION PLAN

The Organization, as an eligible sponsoring employer, participates in the Episcopal Church Lay Employees' Defined Benefit Plan. The plan is administered by the Church Pension Fund. The Organization contributes 9% of each employee's base pay. Pension expenses totaled $21,675 and $14,700 for the years ended December 31, 2021 and 2020, respectively, and covered current service costs.

The actuarial information for the plan as of March 31, 2021 and 2020 indicates that it is in compliance with the Employee Retirement Security Act (ERISA) regulations regarding funding. The assumed interest rate used in determining actuarial present values of accumulated benefits was 3.25% and 3% for the years ended December 31, 2021 and 2020, respectively. There were no changes in the actuarial assumption or the treatment of actuarial gains and losses. The actuarial valuation includes all plan amendments as of March 31, 2021.

Note 19 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Organization rented office space from Christ Church Corporation (see Note 17).

Note 20 - MAJOR VENDORS

During the years ended December 31, 2021 and 2020, the Organization incurred $160,244 and $287,203, respectively, of construction expense from one major vendor which accounted for approximately 39% and 55%, respectively, of total construction expenses.

Note 21 - MAJOR GRANTORS

During the year ended December 31, 2021, the Organization received a substantial portion of its grant income from three major grantors totaling $296,724, which accounted for 73% of grant income.

Note 21 - MAJOR GRANTORS (Continued)

During the year ended December 31, 2020, the Organization received a substantial portion of its grant income from three major grantors totaling $311,940, which accounted for 58% of grant income.

Note 22 - COMMITMENTS

During the year ended December 31, 2021, the Organization entered into a contract totaling approximately $244,000 for the construction of a home in New Orleans, Louisiana. As of December 31, 2021, approximately $148,000 had been billed for the home.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

December 31, 2021

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Eliminated	Totals
Current Assets					
Cash and cash equivalents	$ 229,377	$ -	$ -	$ -	$ 229,377
Grants receivable	119,975	-	-	-	119,975
Other receivable	-	-	13,773	(13,773)	-
Promises to give	10,000	-	-	-	10,000
Inventory	1,096,573	-	20,600	-	1,117,173
Prepaid expenses	9,305	-	4,313	-	13,618
Total current assets	1,465,230	-	38,686	(13,773)	1,490,143
Property and Equipment					
Office equipment	3,626	-	8,245	-	11,871
Furniture and fixtures	14,681	-	16,709	-	31,390
Vehicles	-	-	25,714	-	25,714
Less accumulated depreciation	(14,509)	-	(50,668)	-	(65,177)
Total property and equipment, net	3,798	-	-	-	3,798
Other Assets					
Soft second mortgage loans receivable, net of accumulated amortization of $428,924 as of December 31, 2021	150,109	-	-	-	150,109
Investment in Community Project	59,216	-	-	-	59,216
Total other assets	209,325	-	-	-	209,325
Total assets	$ 1,678,353	$ -	$ 38,686	$ (13,773)	$ 1,703,266

LIABILITIES AND NET ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Eliminated	Totals
Current Liabilities					
Accounts payable	$ 48,722	$ -	$18,152	$(13,773)	$ 53,101
Accrued expenses	4,612	-	18,297	-	22,909
Accrued interest	6,310	-	-	-	6,310
Lines of credit	224,269	-	-	-	224,269
Total current liabilities	283,913	-	36,449	(13,773)	306,589
Noncurrent Liabilities					
Long-term debt	425,558	-	-	-	425,558
Economic Injury Disaster Loan	150,000	-	-	-	150,000
Total noncurrent liabilities	575,558	-	-	-	575,558
Total liabilities	859,471	-	36,449	(13,773)	882,147
Net Assets					
Without donor restrictions	818,882	-	2,237	-	821,119
With donor restrictions	-	-	-	-	-
Total net assets	818,882	-	2,237	-	821,119
Total liabilities and net assets	$1,678,353	$ -	$38,686	$(13,773)	$1,703,266

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

December 31, 2020

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Current Assets				
Cash and cash equivalents	$ 270,578	$ 12,720	$ 8,621	$ 291,919
Grants receivable	151,675	-	-	151,675
Other receivable	-	-	6,663	6,663
Inventory	1,217,650	-	20,600	1,238,250
Prepaid expenses	17,124	-	5,635	22,759
Total current assets	1,657,027	12,720	41,519	1,711,266
Property and Equipment				
Office equipment	3,626	-	8,245	11,871
Furniture and fixtures	14,681	-	16,709	31,390
Vehicles	-	-	25,714	25,714
Less accumulated depreciation	(13,939)	-	(50,623)	(64,562)
Total property and equipment, net	4,368	-	45	4,413
Other Assets				
Soft second mortgage loans receivable, net of accumulated amortization of $390,322 as of December 31, 2020	188,711	-	-	188,711
Investment in community project	59,216	-	-	59,216
Total other assets	247,927	-	-	247,927
Total assets	$ 1,909,322	$ 12,720	$ 41,564	$ 1,963,606

LIABILITIES AND NET ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Current Liabilities				
Accounts payable	$ 104,672	$ -	$ 7,058	$ 111,730
Accrued expenses	4,613	-	26,694	31,307
Accrued interest	379	-	-	379
Line of credit loan	253,318	-	-	253,318
Total current liabilities	362,982	-	33,752	396,734
Noncurrent Liabilities				
Long-term debt, net of current portion	510,558	-	-	510,558
Economic Injury Disaster Loan, net of current portion	150,000	-	-	150,000
Total noncurrent liabilities	660,558	-	-	660,558
Total liabilities	1,023,540	-	33,752	1,057,292
Net Assets				
Without donor restrictions	810,782	12,720	7,812	831,314
With donor restrictions	75,000	-	-	75,000
Total net assets	885,782	12,720	7,812	906,314
Total liabilities and net assets	$ 1,909,322	$ 12,720	$ 41,564	$ 1,963,606

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Support and Revenue				
Homes sold	$ 764,557	$ -	$ -	$ 764,557
Grant income	408,099	-	-	408,099
Contributions	60,172	-	5	60,177
In-kind support	210,882	-	-	210,882
Interest income	-	-	-	-
Miscellaneous income	36,976	-	-	36,976
Property development income	3,841	-	-	3,841
Transfers in/out	12,720	(12,720)	-	-
Total support and revenue	1,497,247	(12,720)	5	1,484,532
Expenses				
Program expenses:				
Cost of homes sold:				
Inventory costs	572,655	-	-	572,655
Closing costs paid by seller	13,925	-	-	13,925
Total costs of homes sold	586,580	-	-	586,580
Home development	544,614	-	1,466	546,080
Vacant land management	26,554	-	511	27,065
Community engagement	65,193	-	29	65,222
Total program expenses	1,222,941	-	2,006	1,224,947
Administrative expenses	237,641	-	-	237,641
Marketing/fundraising	103,565	-	3,574	107,139
Total expenses	1,564,147	-	5,580	1,569,727
Change net assets	(66,900)	(12,720)	(5,575)	(85,195)
Net Assets				
Beginning of year	885,782	12,720	7,812	906,314
End of year	$ 818,882	$ -	$ 2,237	$ 821,119

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2020

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Operating Revenue				
Homes sold	$ 804,529	$ -	$ -	$ 804,529
Grant income	541,318	-	-	541,318
Contributions	27,036	-	5	27,041
In-kind support	178,015	-	-	178,015
Interest income	40,708	-	-	40,708
Miscellaneous income	294,461	28,360	3	322,824
Paycheck Protection Program loan forgiveness	54,400	-	-	54,400
New Markets Tax Credit loan forgiveness	(1,336,934)	2,000,000	-	663,066
Property development income	101,639	-	-	101,639
Transfers in/out	(85,708)	85,708	-	-
Total support and revenue	619,464	2,114,068	8	2,733,540
Expenses				
Program expenses:				
Cost of homes sold:				
Inventory costs	859,463	-	-	859,463
Closing costs paid by seller	23,620	-	-	23,620
Total costs of homes sold	883,083	-	-	883,083
Home development	516,421	-	8,087	524,508
Vacant land management	28,683	-	-	28,683
Community engagement	96,832	-	-	96,832
Total program expenses	1,525,019	-	8,087	1,533,106
Administrative expenses	187,676	248,661	1,076	437,413
Marketing/ fundraising	100,129	-	-	100,129
Total expenses	1,812,824	248,661	9,163	2,070,648
Change net assets	(1,193,360)	1,865,407	(9,155)	662,892
Net Assets (Deficit)				
Beginning of year	2,079,142	(1,852,687)	16,967	243,422
End of year	$ 885,782	$ 12,720	$ 7,812	$ 906,314

CONSOLIDATING STATEMENT OF EXPENSES

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Expenses				
Advertising and marketing	$ 7,151	$ -	$ 3,037	$ 10,188
Amortization of soft second mortgages	38,602	-	-	38,602
Bank fees	354	-	-	354
Business registration fees	302	-	-	302
Community development contract labor	51,800	-	-	51,800
Community promotions	563	-	-	563
Computer software and equipment	10,333	-	-	10,333
Continuing education	-	-	-	-
Cost of homes sold	586,580	-	-	586,580
Depreciation	570	-	45	615
Fundraising	3,019	-	-	3,019
Home development	55,583	-	-	55,583
Insurance	68,876	-	166	69,042
Interest	31,549	-	-	31,549
Office supplies	19,082	-	2,013	21,095
Payroll taxes	15,991	-	-	15,991
Postage	240	-	47	287
Printing and copying	3,182	-	-	3,182
Professional fees	17,528	-	142	17,670
Rent	26,400	-	-	26,400
Salaries and benefits	448,176	-	30	448,206
Salaries and benefits in-kind	160,882	-	-	160,882
Telephone expense	4,800	-	100	4,900
Travel and meetings	5,400	-	-	5,400
Vacant land management	7,184	-	-	7,184
Total expenses	$ 1,564,147	$ -	$ 5,580	$ 1,569,727

Schedule 6

CONSOLIDATING STATEMENT OF EXPENSES

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2020

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming, Inc.	Totals
Expenses				
Advertising and marketing	$ 2,108	$ -	$ -	$ 2,108
Amortization of soft second mortgages	38,603	-	-	38,603
Bank fees	1,939	-	-	1,939
Business registration fees	1,051	-	-	1,051
Community development contract labor	52,142	-	-	52,142
Community promotions	1,484	-	-	1,484
Computer software and equipment	4,105	-	66	4,171
Continuing education	222	-	2,005	2,227
Cost of homes sold	882,962	-	121	883,083
Depreciation	570	-	192	762
Fundraising	6,982	-	-	6,982
Home development	39,610	-	596	40,206
Insurance	59,599	-	1	59,600
Interest	35,379	40,708	-	76,087
Interest expense - loan cost amortization	-	132,351	-	132,351
Office supplies	11,872	-	6,182	18,054
Payroll taxes	16,007			16,007
Postage	118	-	-	118
Printing and copying	3,523	-	-	3,523
Professional fees	27,524	75,602	-	103,126
Rent	26,400	-	-	26,400
Salaries and benefits	415,038	-	-	415,038
Salaries and benefits in-kind	178,015	-	-	178,015
Telephone expense	3,500	-	-	3,500
Travel and meetings	557	-	-	557
Vacant land management	3,514	-	-	3,514
Total expenses	$ 1,812,824	$ 248,661	$ 9,163	$ 2,070,648

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2021

Agency Head Name: Nicole Barnes, Executive Director

Purpose	
Salary	$ 100,001
Benefits - insurance	9,396
Benefits - retirement	8,100
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	1,200
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$ 118,697

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Jericho Road Episcopal Housing Initiative, Inc. and Affiliates,
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Jericho Road Episcopal Housing Initiative, Inc. and Affiliates (a non-profit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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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 a material weakness or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatements, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? __ Yes X None reported

Noncompliance material to financial statements noted? __ Yes X No

b) Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2021, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2021.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2021.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2021, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

REPORTS BY MANAGEMENT

<u>SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES</u>

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2020.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2020, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN ON CURRENT YEAR FINDINGS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2021.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2021, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2021.