

PARTNERS FOR PROGRESS, INCORPORATED

**(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF
EAST BATON ROUGE PARISH)**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021



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PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners for Progress, Incorporated
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Progress, Incorporated (the Corporation) (a non-profit corporation), which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer is presented for the Louisiana Legislative Auditor’s information and is a required part of the financial statements by the Louisiana Legislative Auditor’s office. The schedule of federal expenditures of federal awards and the schedule of findings and question costs is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, on our consideration of the Corporation’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 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 the Corporation’s 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 Corporation’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2022

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	592,128
Accounts Receivable, Copper Oaks, LLC		117,125
Accounts Receivable - Other, Net Allowance for Doubtful Accounts of \$95,542		922,968
Prepaid Costs		2,693
Total Current Assets		1,634,914

CAPITAL ASSETS

Land		292,500
Furniture and Equipment		15,418
Less: Accumulated Depreciation		(15,418)
Net Capital Assets		292,500

OTHER ASSETS

Notes Receivable		3,918,861
Total Other Assets		3,918,861
Total Assets	\$	5,846,275

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	9,607
Due to Primary Government (Operations)		222,418
Accrued Wages and Payroll Taxes		1,953
Accrued Compensated Absences		4,240
Unearned Revenue		1,259,696
Long-Term Capital Debt, Current Portion		187,125
Total Current Liabilities		1,685,039

LONG-TERM LIABILITIES

Long-Term Capital Debt, Net of Current		792,700
Accrued Compensated Absences, Net of Current		4,559
Total Long-Term Liabilities		797,259

Total Liabilities		2,482,298
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NET POSITION

Unrestricted		3,363,977
Total Net Position		3,363,977

Total Liabilities and Net Position	\$	5,846,275
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See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES

Other Revenue	\$ 302,378
Grant Revenue from the Authority	1,938,662
Forgiveness of Debt	500,000
Mortgage Assignments	1,000,000
Loss on Sale of Assets	(4,317)
Total Operating Revenues	3,736,723

OPERATING EXPENSES

Administrative	331,942
Tenant Services	30,000
Utilities	1,272
Maintenance and Operations	19,914
Other General Expenses	48,179
Insurance	7,954
Total Operating Expenses	439,261

Operating Income	3,297,462
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NONOPERATING REVENUES (EXPENSES)

Interest Expense	(20,346)
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CHANGE IN NET POSITION

3,277,116

Net Position - Beginning of Year

86,861

NET POSITION - END OF YEAR

\$ 3,363,977

See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Other Income Receipts	\$ 1,324,811
Cash Payments for Salaries and Benefits	(152,553)
Cash Payments to Vendors	956,814
Net Cash Provided by Operating Activities	2,129,072

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of Debt	(14,209)
Proceeds from Debt	70,000
Net Cash Provided by Capital and Related Financing Activities	55,791

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts from Notes Receivable	135,067
Issuance of Notes Receivable	(1,938,661)
Proceeds from Assets Held for Sale	9,250
Net Cash Used by Investing Activities	(1,794,344)

NET INCREASE IN CASH AND CASH EQUIVALENTS

390,519

Cash and Cash Equivalents - Beginning of Year

201,609

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 592,128

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Income from Operations	\$ 3,297,462
Adjustments to Reconcile Net Operating Income to Net Cash and Cash Equivalents:	
Forgiveness of Debt	(500,000)
Mortgage Assignments	(1,000,000)
(Increase) Decrease in Assets:	
Accounts Receivable - Miscellaneous	(770,164)
Prepaid Costs	(683)
Increase (Decrease) in Liabilities:	
Accounts Payable	(15,330)
Accrued Wages and Payroll Taxes Payable	(5,455)
Accrued Compensated Absences	5,293
Due to Primary Government	1,117,949
Net Cash Provided by Operating Activities	\$ 2,129,072

SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS

Purchase of 2080 Ardenwood with Note	\$ 292,500
Write off of Wesley Chapel Debt due to EBRDA	\$ 500,000
Mortgage Assignments due from EBRPHA Development 1 & 2, LP	\$ 1,000,000

See accompanying Notes to Financial Statements.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 REPORTING ENTITY DEFINITION

Partners for Progress, Incorporated (the Corporation) is a not-for-profit Louisiana corporation, which was created as an instrumentality of The Housing Authority of East Baton Rouge Parish (the Authority) to develop low to moderate income housing in the Baton Rouge community. Because the Authority appoints a voting majority of the Corporation's governing body, and the Authority may significantly influence the activities of the Corporation, the Corporation is a component unit of the Authority. GASB Statement Nos. 14, 39 and 61 established criteria for determining the Authority's inclusion of the Corporation as a component unit of the Authority. Since the Corporation maintains a substantively different governing board than the Authority, and the benefits derived from the services the Corporation provides extend beyond the Authority, the Corporation is considered to be a discrete component unit of the Authority and the financial activity of the Corporation is reported separately in the financial statements of the Authority. The Corporation's fiscal year end is September 30.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority is a Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund.

The Corporation's financial statements include the financial statements of the following wholly owned limited liability companies, which have no activity for the fiscal year ended September 30, 2021:

Partners for Progress Development Company, LLC

Partners for Progress Development Company, LLC was created to function as an instrumentality of the Corporation to facilitate the development of twenty-five single family rental homes for low to moderate income families known as Brookstown Place Subdivision. Partners for Progress, Incorporated is the sole member of Partners for Progress Development Company, LLC.

Cedar Pointe Development, LLC

Cedar Pointe Development, LLC was created to function as an instrumentality of the Corporation to facilitate the development of eighty single family rental homes for low to moderate income families known as Cedar Pointe Subdivision. Partners for Progress, Incorporated is the sole member of Cedar Pointe Development, LLC.

Wesley Chapel Development, LLC

Wesley Chapel Development, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation of an eighty-two unit apartment complex for low to moderate income families known as Wesley Chapel Apartments. Partners for Progress, Incorporated is the sole member of Wesley Chapel Development, LLC.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Hospital Plaza I, LLC

Hospital Plaza I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Willow Creek Townhomes. Partners for Progress, Incorporated is the sole member of Hospital Plaza I, LLC.

Colonial Courts I, LLC

Colonial Courts I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Autumn Place Townhomes. Partners for Progress, Incorporated is the sole member of Colonial Courts I, LLC.

Roosevelt Terrace, LLC

Roosevelt Terrace, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Roosevelt Terrace Apartments. Partners for Progress, Incorporated is the sole member of Roosevelt Terrace, LLC.

River South, LLC

River South, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as River South Apartments. Partners for Progress, Incorporated is the sole member of River South, LLC.

Cypress at Gardere, GP LLC

Cypress at Gardere, GP LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Cypress at Gardere Apartments. Partners for Progress, Incorporated is the sole member of Cypress of Gardere, GP LLC.

2080 Ardenwood, LLC

2080 Ardenwood LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Ardenwood Apartments. Partners for Progress, Incorporated is the sole member of 2080 Ardenwood, LLC.

Related Partnerships

Through its wholly owned limited liability companies, the Corporation is the general partner in the following Partnerships:

Partners for Progress Development Company, LLC is the general partner of Brookstown Place Partnership. Partners for Progress Development Company, LLC's economic interest in the partnership is .01%, and was negative (\$172) as of December 31, 2020.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Cedar Pointe Development, LLC is the general partner of Cedar Pointe Subdivision Limited Partnership. Cedar Pointe Development, LLC's economic interest in the partnership is .01%, and was negative (\$398) as of December 31, 2020.

Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. Wesley Chapel Development, LLC's economic interest in the partnership is .01%, and was negative (\$857) as of December 31, 2020.

Hospital Plaza I, LLC is the general partner of EBRPHA Development 1, LP. Hospital Plaza I, LLC's economic interest in the partnership is .01%, and was negative (\$300) as of December 31, 2020.

Colonial Courts I, LLC is the general partner of EBRPHA Development 2, LP. Colonial Courts I, LLC's economic interest in the partnership is .01%, and was negative (\$293) as of December 31, 2020.

Roosevelt Terrace, LLC is the general partner of EBRPHA Development 4, LP. Roosevelt Terrace, LLC's economic interest in the partnership is .01%, and was negative (\$114) as of December 31, 2020.

River South, LLC is the general partner of River South Development, LP. River South, LLC's economic interest in the partnership is .01%, and was negative (\$83) as of December 31, 2020.

Cypress at Gardere, GP LLC is the general partner of Cypress at Gardere, LP. Cypress at Gardere GP, LLC's economic interest in the partnership is .01%. The project property is not yet in operations as of September 30, 2021.

2080 Ardenwood, LLC is the general partner of 2080 Ardenwood, LP. 2080 Ardenwood, LLC's economic interest in the partnership is .01%. The project property is not yet in operations as of September 30, 2021.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation uses the accrual basis of accounting in accordance with GAAP. Under this method income is recognized as it is earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

Use of Estimates

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to the allowances against notes and accounts receivable and allocable shares of developer fees receivable. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Cash

The Corporation considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Accounts receivable are carried at the amount considered by management to be collectible. An allowance for doubtful accounts is used for amounts that are not considered collectible.

Prepaid Items

Prepaid items consist of payments made to vendors for services that will benefit future periods.

Assets Held for Sale

Assets Held for Sale consists of land and infrastructure expected to be sold within one year and is valued at the lesser of cost or fair value.

Capital Assets

Equipment items are carried at cost and are depreciated over five years. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed.

Accrued Expenses

Accrued expenses consist of accrued employee payroll and earned leave balance.

Revenue

Sales revenue, construction and developer fees, grant revenues and other miscellaneous operating revenues are reported as operating income. Earnings on bank deposits are reported as nonoperating income.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 CASH DEPOSITS

Custodial Credit Risk - The Corporation's policy is to limit credit risk by adherence to investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk - The Corporation's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Corporation's cash and cash equivalents consist of cash held in an interest-bearing checking account, totaling \$1,104,551 with a book balance of \$592,128. As of September 30, 2021, \$854,551 of the Corporation's bank balances were not collateralized outside of the amounts secured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following amounts:

Accounts Receivable - Costs	\$ 95,542
Accounts Receivable - Sale of Land	117,125
Less: Allowance for Doubtful Accounts	<u>(95,542)</u>
Total Accounts Receivable, Copper Oak, LLC	<u><u>\$ 117,125</u></u>
Accounts Receivable - River Lofts	\$ 122,055
Accounts Receivable - Cypress at Gardere	705,651
Accounts Receivable - Other Projects	<u>95,262</u>
Total Accounts Receivable - Other	<u><u>\$ 922,968</u></u>

NOTE 5 NOTES RECEIVABLE AND DEVELOPER FEES

Through the Corporation's wholly owned subsidiary entities (Partners for Progress Development Corporation, LLC; Cedar Pointe Development, LLC; Wesley Chapel Development, LLC; Hospital Plaza I, LLC; Colonial Courts I, LLC; and Roosevelt Terrace, LLC) the Corporation has earned developer fees from each of the Partnerships for overseeing the construction and development of four apartment complexes and two townhouse communities. During the fiscal year, the Corporation did not receive developer fees from the Partnerships. As of September 30, 2021, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$275,957. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of the receivables, and to recognize income as funds are received.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 NOTES RECEIVABLE AND DEVELOPER FEES (CONTINUED)

During fiscal year 2014, the Corporation funded a \$500,000 loan to Wesley Chapel Development, LP under a loan agreement dated in September of 2011, to assist with the construction of the Wesley Chapel Apartments complex. The note is secured with a subordinate mortgage on the property and does not bear interest. The loan is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement and matures in July of 2044. The outstanding balance of the note was \$500,000 as of September 30, 2021.

During fiscal year 2015, the Corporation funded a \$480,200 loan to EBRPHA Development 4, LP to assist with the rehabilitation of the Roosevelt Terrace Apartments complex. The nonrecourse note is secured with a subordinate mortgage on the property which has been subsequently assigned to Capital One National Association to secure a related loan issued from the Corporation to Capital One National Association. The loan bears interest at a rate of .25% per annum and is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement. The loan matures in September of 2055 and outstanding balance was \$480,200 as of September 30, 2021.

In January 2012, the East Baton Rouge Redevelopment Authority (RDA) provided a subordinate mortgage loan in the amount of \$500,000 (the "RDA Loan") to the EBRPHA Development 2, LP (Autumn Place). The loan has a thirty-year term and will accrue interest at zero (0.00%) percent annually. The loan is evidenced by a mortgage note given by Autumn Place to the Lender and is secured by the RDA Mortgage and other related security documents and financing statements. The loan is non-recourse to Autumn Place and the Partners (other than customary non-recourse carve out-provisions which have been consented to by the Special Limited Partner). The loan will be repaid solely from Surplus Cash, to the extent Surplus Cash is generated from the operation of the Project, in the sum of one-third (1/3) of the first \$42,000 of Surplus Cash; plus two-thirds (2/3) of any excess over the \$42,000 of Surplus Cash. In April of 2021, this loan was reassigned to the Corporation in the amount of \$500,000 and shows as a receivable on the statement of net position at September 30, 2021.

In January 2012, the East Baton Rouge Redevelopment Authority (RDA) provided a subordinate mortgage loan (the "RDA Loan") in the amount of \$500,000 to EBRPHA Development 1, Partnership (Willow Creek). The loan has a thirty-year term and will accrue interest at zero (0.00%) percent annually. The loan is evidenced by a mortgage note given by Willow Creek to the Lender and is secured by the RDA Mortgage and other related security documents and financing statements. The loan is non-recourse to Willow Creek and the Partners (other than customary non-recourse carve out-provisions which have been consented to by the Special Limited Partner). The loan will be repaid solely from Surplus Cash, to the extent Surplus Cash is generated from the operation of the Project, in the sum of one-third (1/3) of the first \$42,000 of Surplus Cash; plus, two-thirds (2/3) of any excess over the \$42,000 of Surplus Cash. In April of 2021, this loan was reassigned to the Corporation in the amount of \$500,000 and shows as a receivable on the statement of net position at September 30, 2021.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 NOTES RECEIVABLE AND DEVELOPER FEES (CONTINUED)

In April of 2021, the Corporation loaned a new development, Cypress at Gardere, LP (Cypress) \$1,450,000 at closing for the purchase of the property and for future development costs. In addition to the original loan amount, Cypress drew down an additional \$488,661 of funds from the Corporation for a total of \$1,938,661 outstanding as of September 30, 2021. The total allowable amount to be disbursed to Cypress from the Corporation is \$5,500,000 with an interest rate on the unpaid principal balance of 8%, per annum. The principal balance of the note and interest thereon shall be paid annually commencing in 2023 with payments solely from 75% of Surplus Cash (as defined in the Subordination Agreement between Lender and Regions Bank, as fiscal agent), and the principal balance and all accrued, but unpaid interest shall be due and payable on April 22, 2056.

NOTE 6 CAPITAL ASSETS

A summary of the Corporation's capital asset balances and activity, as of and for the year ended September 30, 2021 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Land	\$ -	\$ 292,500	\$ -	\$ 292,500
Furniture and Equipment	15,418	-	-	15,418
Total Capital Assets	15,418	292,500	-	307,918
Less: Accumulated Depreciation				
Furniture and Equipment	(15,418)	-	-	(15,418)
Total Capital Assets Being Depreciated, Net	-	292,500	-	292,500
Capital Assets, Net	\$ -	\$ 292,500	\$ -	\$ 292,500

The Corporation purchased 2080 Ardenwood during fiscal year ended September 30, 2021 for \$292,500.

NOTE 7 NOTES PAYABLE

In November of 2011, the Corporation issued a promissory note to Greenwell Land Acquisitions, LLC (GLA, LLC) in the amount of \$370,000 to purchase land from GLA, LLC, on which the Subdivision will be developed. GLA, LLC has agreed to forgive the 6% annual interest rate upon extinguishment of the loan. Therefore, Corporation management has not accrued an interest payable balance. The note matured on December 31, 2014 but has not been paid or refinanced as of the date of these financial statements. The outstanding principal balance on the note as of September 30, 2021 was \$117,125.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 NOTES PAYABLE (CONTINUED)

During fiscal year 2014, the Corporation issued an Affordable Housing Program promissory note to Capital One National Association in the amount of \$500,200 to fund a loan the Corporation subsequently made to EBRPHA Development 4, LP, to partially finance the rehabilitation of the Roosevelt Terrace Apartment complex. The note is mortgaged with an assigned security interest in the Roosevelt Terrace Apartments property, matures in September of 2029, and will not bear interest as long as the Affordable Housing Program loan criteria are satisfied. The outstanding principal balance on the loan as of September 30, 2021 was \$500,200.

In December 2020, the Corporation received a loan in the amount of \$292,500 from Home Bank with a maturity date of December 17, 2023 related to the purchase of 2080 Ardenwood. The annual interest rate for this loan is 4.95%. Loan is payable in full immediately upon demand. If no demand is made, the Corporation will pay this loan in one principal payment on maturity. This loan is collateralized by the property. The outstanding principal balance on the loan as of September 30, 2021 was \$292,500.

In April 2021, the Corporation received a loan in the amount of \$70,000 from Liberty Bank with an original maturity date of May 16, 2021 and extended maturity date of May 16, 2022. The annual interest rate for this loan is 6.5%. Loan is payable in full immediately upon demand. If no demand is made, the Corporation will pay this loan in one principal payment on maturity. The outstanding principal balance on the loan as of September 30, 2021 was \$70,000.

Long-term liability activity for the year ended September 30, 2021, applicable to the Corporation, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Land Acquisition Note Payable	\$ 117,125	\$ -	\$ -	\$ 117,125	\$ 117,125
HOME Investment Loan	14,209	-	(14,209)	-	-
Note Payable due to Liberty Bank	-	70,000	-	70,000	70,000
Note Payable to Home Bank	-	292,500	-	292,500	-
Note Payable due to the East Baton Rouge RDA	500,000	-	(500,000)	-	-
AHP Loan due to Capital One, National Association	500,200	-	-	500,200	-
Long-Term Liabilities	<u>\$ 1,131,534</u>	<u>\$ 362,500</u>	<u>\$ (514,209)</u>	<u>\$ 979,825</u>	<u>\$ 187,125</u>

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 NOTES PAYABLE (CONTINUED)

Future projected payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2022	\$ 187,125	\$ 5,801	\$ 192,926
2023	-	1,251	1,251
2024	292,500	1,251	293,751
2025	-	1,251	1,251
2026	-	1,251	1,251
2052-2056	500,200	1,251	501,451
Total	<u>\$ 979,825</u>	<u>\$ 12,053</u>	<u>\$ 991,878</u>

NOTE 8 DEFERRED COMPENSATION PLAN

The Corporation provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by Great West Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after twelve months of continuous service. The Corporation contributes approximately 10.5% of the employee's eligible compensation, while the employees are not required to contribute to the plan. During fiscal year 2021, the Corporation made the required contributions in the amount of \$0 and the employees contributed \$0. The Corporation's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

NOTE 9 RISK MANAGEMENT

The Corporation is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a component unit of the Authority, the Corporation is covered by the Authority's insurance policies. The Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Corporation, through the Authority, has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTE 10 CONCENTRATION OF RISK

The Corporation receives funding from various affiliated partnerships. Many of these funding arrangements are dependent upon the partnerships attaining various cash flow thresholds and other financing sources.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Corporation is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. In September 2011, Wesley Chapel Development, LP obtained a loan from the Louisiana Housing Finance Agency (LHFA) for \$1,000,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. The loan matures in March of 2041. As of December 31, 2020, the principal balance owed on the loan was \$1,000,000. Corporation management is anticipating the Partnership to report a balance of \$1,000,000 as of September 30, 2021, upon issuance of the Partnership's 2021 financial statements. The Corporation has guaranteed payment of the notes to Home Federal Bank and LHFA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

NOTE 12 INCOME TAXES

The Corporation is exempt from income taxes as a public agency, under Section 501(c)4 of the Internal Revenue Code. As such, only unrelated business income is subject to income tax. Currently, the 2017, 2018 and 2019 tax years are open and subject to examination by the IRS. However, the Corporation is not currently under audit nor has the Corporation been contacted by any of these jurisdictions. Based on an evaluation of the Corporation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the fiscal year-ended September 30, 2021.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 13 RELATED PARTNERSHIPS

Balance Sheets as of December 31, 2020:

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, LP	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	River South Development, L.P.	Total
Assets								
Current Assets	\$ 172,063	\$ 1,153,987	\$ 756,743	\$ 648,279	\$ 650,549	\$ 401,928	\$ 251,545	\$ 4,035,094
Other Assets	-	135	2,167	1,722	-	760	-	4,784
Capital Assets	3,135,523	9,097,106	7,489,742	6,756,732	6,751,677	4,937,689	9,135,766	47,304,235
Total Assets	<u>\$ 3,307,586</u>	<u>\$ 10,251,228</u>	<u>\$ 8,248,652</u>	<u>\$ 7,406,733</u>	<u>\$ 7,402,226</u>	<u>\$ 5,340,377</u>	<u>\$ 9,387,311</u>	<u>\$ 51,344,113</u>
Liabilities								
Current Liabilities	\$ 31,825	\$ 106,609	\$ 158,630	\$ 119,192	\$ 107,147	\$ 36,458	\$ 92,233	\$ 652,094
Noncurrent Liabilities	1,220,060	2,389,489	3,499,014	4,241,910	4,123,851	1,113,448	4,607,487	21,195,259
Total Liabilities	1,251,885	2,496,098	3,657,644	4,361,102	4,230,998	1,149,906	4,699,720	21,847,353
Partner's Equity								
Total Partner's Equity	2,055,701	7,755,130	4,591,008	3,045,631	3,171,228	4,190,471	4,687,591	29,496,760
Total Liabilities and Partner's Equity	<u>\$ 3,307,586</u>	<u>\$ 10,251,228</u>	<u>\$ 8,248,652</u>	<u>\$ 7,406,733</u>	<u>\$ 7,402,226</u>	<u>\$ 5,340,377</u>	<u>\$ 9,387,311</u>	<u>\$ 51,344,113</u>

Statement of Operations for the year ended December 31, 2020:

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, LP	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	River South Development, L.P.	Total
Operating Revenue								
Tenant Revenue	\$ 284,475	\$ 866,532	\$ 637,709	\$ 382,361	\$ 382,678	\$ 249,388	\$ 507,399	\$ 3,310,542
Other Revenue	-	-	-	-	-	-	341,030	341,030
Interest Income	449	1,141	1,577	1,138	1,127	496	32	5,960
Total Operating Revenue	284,924	867,673	639,286	383,499	383,805	249,884	848,461	3,657,532
Operating Expenses								
Administrative	83,071	154,282	105,440	75,199	74,757	68,504	77,795	639,048
Utilities	2,815	6,646	49,249	17,870	15,477	17,165	16,480	125,702
Maintenance	54,589	147,245	148,270	135,595	108,464	87,283	81,644	763,090
Insurance Premiums	33,458	114,851	84,529	47,771	48,129	57,877	24,703	411,318
Other General Expense	20,706	55,623	43,342	24,824	24,813	16,911	20,204	206,423
Interest Expense	64,827	175,108	138,268	105,567	100,628	14,908	212,087	811,393
Depreciation Expense	122,847	347,395	319,020	334,198	328,838	185,401	318,942	1,956,641
Total Operating Expenses	382,313	1,001,150	888,118	741,024	701,106	448,049	751,855	4,913,615
Operating Income (Loss)	<u>\$ (97,389)</u>	<u>\$ (133,477)</u>	<u>\$ (248,832)</u>	<u>\$ (357,525)</u>	<u>\$ (317,301)</u>	<u>\$ (198,165)</u>	<u>\$ 96,606</u>	<u>\$ (1,256,083)</u>

NOTE 14 RELATED PARTY TRANSACTIONS

The Corporation owes the Authority \$222,418 for operating expenses as of September 30, 2021.

The Authority owes the Corporation \$705,651 related to the Cypress at Gardere project as of September 30, 2021.

Additionally, as discussed in Note 7, the Authority granted the Corporation \$1,938,662 related to the Cypress at Gardere project in fiscal year 2021.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 ADMINISTRATIVE AND UTILITY EXPENSES

The Corporation had the following administrative and utility expenses.

Administrative Expenses

Administrative Salaries	\$ 122,137
Auditing Fees	5,150
Management Fee	78,874
Employee Benefit Contributions	30,254
Other	21,472
Office Expenses	61,323
Travel	107
Legal Expense	12,625
Total Administrative Expenses	<u>\$ 331,942</u>

Utilities

Electricity	\$ 975
Sewer	96
Gas	151
Water	50
Total Utilities	<u>\$ 1,272</u>

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE CHIEF
OPERATING OFFICER
YEAR ENDED SEPTEMBER 30, 2021

EXPENDITURE PURPOSE

Salary	\$ 104,000
Benefits - Insurance	12,435
Benefits - Retirement	6,370
Car Allowance	-
Per Diem	-
Registration Fees	-
Conference Travel	-
Total Compensation, Benefits, and Other Payments	<u>\$ 122,805</u>

Agency Head: David Summers, Chief Operating Officer*

Period: October 1, 2020 through September 30, 2021

* Development Manager effective March 4, 2022

Basis of Presentation

The above Schedule of Compensation, Benefits and Other Payments to the Chief Operating Officer is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A (A)*, as amended by *Act 706 of the 2014 Legislative Session*.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Partners for Progress, Incorporated
Baton Rouge, 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 the business-type activities of Partners for Progress, Incorporated (the Corporation), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

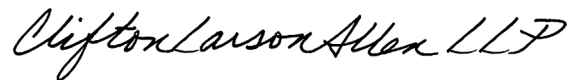
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
March 24, 2022

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor Program	Assistance Listing Number	Federal Expenditures
Indirect Federal Assistance:		
<u>United States Department of Housing and Urban Development:</u>		
Passed through City of Baton Rouge Parish of East Baton Rouge, Louisiana HOME Investment Partnership Program	14.239	\$ 14,209
Total Indirect Federal Assistance		14,209
Total Federal Assistance		\$ 14,209

See accompanying Notes to Schedule of Expenditures of Federal Awards.

PARTNERS FOR PROGRESS, INCORPORATED
(A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

NOTE 1 BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Corporation under programs of the federal government for the year ended September 30, 2021. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Corporation, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Corporation has elected not to use the 10% De Minimis Indirect Cost Rate allowed under Uniform Guidance.

NOTE 3 OUTSTANDING LOANS

The Corporation had the following loan balances outstanding at September 30, 2021.

	Assistance Listing Number	Amount Outstanding
Federal Grantor Program	14.239	\$ -
HOME Investment Partnership Program	14.239	\$ -

PARTNERS FOR PROGRESS, INCORPORATED
 (A COMPONENT UNIT OF THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH)
SCHEDULE OF FINDINGS AND QUESTION COSTS
YEAR ENDED SEPTEMBER 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | |
|--|------------|------------------------------|--|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness identified? | _____ Yes | _____ <u>X</u> No | |
| • Significant deficiency identified? | _____ Yes | _____ <u>X</u> None Reported | |
| 3. Noncompliance material to financial statements noted? | _____ Yes | _____ <u>X</u> No | |

Federal Awards

- | | | | |
|---|------------|--|--|
| 1. Internal control over major federal programs: | | | |
| • Material weakness identified? | <u>N/A</u> | | |
| • Significant deficiency identified? | <u>N/A</u> | | |
| 2. Type of auditors’ report issued on | | | |
| • compliance for major federal programs: | <u>N/A</u> | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with | | | |
| • 2 CFR 200.516(a)? | <u>N/A</u> | | |