

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2022

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Providence Community Housing and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Providence Community Housing and Subsidiaries as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are required to be independent of Providence Community Housing and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Providence Community Housing and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Providence Community Housing and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and activities; the schedule of compensation, benefits, and other payments to the CEO, as required by Louisiana Revised Statute 24:513 (A)(3); and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of

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

Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of Providence Community Housing and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Providence Community Housing and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Providence Community Housing and Subsidiaries' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Providence Community Housing and Subsidiaries' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
June 22, 2023

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(With Summarized Financial Information at December 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 3,834,366	\$ 3,794,447
Accounts receivable, net	932,538	78,045
Grants receivable, net	102,271	45,240
Prepaid expenses	51,685	47,100
Right-of-use assets, current portion:		
Operating leases	34,316	0
Finance leases	13,301	0
	<hr/>	<hr/>
<i>Total Current Assets</i>	<i>4,968,477</i>	<i>3,964,832</i>
<u>PROPERTY AND EQUIPMENT</u>		
Land	3,231,893	3,257,853
Buildings	4,548,766	4,782,401
Office furniture and equipment	295,134	251,253
	<hr/>	<hr/>
	8,075,793	8,291,507
Less: Accumulated depreciation	1,160,662	1,073,128
	<hr/>	<hr/>
<i>Total Property and Equipment</i>	<i>6,915,131</i>	<i>7,218,379</i>
<u>OTHER ASSETS</u>		
Cash restricted	667,159	751,402
Properties held for sale	347,244	285,801
Due from affiliates, net	436	98
Deposits	2,822	2,822
Developer fee receivable: Affiliates, net	2,103,363	2,161,692
Notes receivable, net	4,314,228	6,847,964
Right-of-use assets, noncurrent portion:		
Operating leases	385,711	0
Finance leases	237,151	272,835
Investments in partnerships	4,324,033	1,782,119
Infrastructure, net	0	0
Pre-development costs	520,192	1,183,000
	<hr/>	<hr/>
<i>Total Other Assets</i>	<i>12,902,339</i>	<i>13,287,733</i>
	<hr/>	<hr/>
<i>Total Assets</i>	<i>\$ 24,785,947</i>	<i>\$ 24,470,944</i>

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
DECEMBER 31, 2022

(With Summarized Financial Information at December 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and other accrued expenses	\$ 110,459	\$ 233,277
Accrued wages and vacation	63,691	62,253
Deferred rents, current portion	11,158	3,555
Lease liabilities, current portion:		
Operating	34,316	0
Finance	13,301	0
Long-term debt, due within one year	<u>62,919</u>	<u>59,365</u>
<i>Total Current Liabilities</i>	<u>295,844</u>	<u>358,450</u>
<u>OTHER LIABILITIES</u>		
Accounts payable - Other	98,993	98,993
Recoverable grants	114,607	94,150
Other liabilities	827,988	819,135
Deferred rents/revenue	733,586	751,263
Lease liabilities, noncurrent portion:		
Operating	385,711	
Finance	237,151	272,836
Long-term debt, Less current portion	<u>5,983,615</u>	<u>5,404,394</u>
<i>Total Other Liabilities</i>	<u>8,381,651</u>	<u>7,440,771</u>
<i>Total Liabilities</i>	<u>8,677,495</u>	<u>7,799,221</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Controlling interest	14,201,253	14,736,532
Noncontrolling interest	<u>667,767</u>	<u>683,955</u>
<i>Total Without Donor Restrictions</i>	14,869,020	15,420,487
With donor restrictions	<u>1,239,432</u>	<u>1,251,236</u>
<i>Total Net Assets</i>	<u>16,108,452</u>	<u>16,671,723</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 24,785,947</u>	<u>\$ 24,470,944</u>

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
REVENUE, SUPPORT, GAINS AND LOSSES				
Contributions	\$ 13,440	\$ 0	\$ 13,440	\$ 37,001
Grants	1,441,485	50,000	1,491,485	1,093,981
Interest	798,692	696	799,388	724,635
Rents	330,080	0	330,080	322,286
Miscellaneous	12,852	0	12,852	5,932
Partnership income (loss)	14,552	0	14,552	(413)
Program services	105,907	0	105,907	116,595
Gain (loss) on sale of assets	382,345	0	382,345	280,839
Historic rehabilitation tax credits	0	0	0	1,623,816
Bad debt recoveries	0	0	0	42,416
Net assets released from restriction	62,500	(62,500)	0	0
<i>Total Revenue, Support, Gains And Losses</i>	<u>3,161,853</u>	<u>(11,804)</u>	<u>3,150,049</u>	<u>4,247,088</u>
EXPENSES				
Program Services:				
Real estate development	1,026,858	0	1,026,858	2,308,966
Home ownership administration	42,462	0	42,462	75,141
Asset management	1,765,285	0	1,765,285	1,017,365
Community services	257,287	0	257,287	221,791
<i>Total Program Services</i>	<u>3,091,892</u>	<u>0</u>	<u>3,091,892</u>	<u>3,623,263</u>
Supporting Services:				
Management and general	484,749	0	484,749	483,289
Fund-raising and communications	122,504	0	122,504	124,704
<i>Total Supporting Services</i>	<u>607,253</u>	<u>0</u>	<u>607,253</u>	<u>607,993</u>
<i>Total Expenses</i>	<u>3,699,145</u>	<u>0</u>	<u>3,699,145</u>	<u>4,231,256</u>
Change in Net Assets	(537,292)	(11,804)	(549,096)	15,832
Less: Change in net assets attributed to noncontrolling interest	(2,013)	0	(2,013)	(8,021)
Change in net assets, Controlling Interest	<u>(535,279)</u>	<u>(11,804)</u>	<u>(547,083)</u>	<u>23,853</u>
Net Assets, Controlling Interest - Beginning of Year	14,736,532	1,251,236	15,987,768	15,963,915
Net Assets, Controlling Interest - End of Year	<u>\$ 14,201,253</u>	<u>\$ 1,239,432</u>	<u>\$ 15,440,685</u>	<u>\$ 15,987,768</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for Year Ended December 31, 2021)

	Program Services					Supporting Services			2022	2021
	Real Estate Development	Home Ownership Administration	Asset Management	Community Services	Total Program Services	Management and General	Fund-Raising and Communications	Total Supporting Services	Total Program and Supporting Services Expenses	Total Program and Supporting Services Expenses
Accounting	\$ 550	\$ 0	\$ 0	\$ 550	\$ 1,100	\$ 44,763	\$ 0	\$ 44,763	\$ 45,863	\$ 35,875
Bad debt	591,159	0	378,131	0	969,290	0	0	0	969,290	2,110,612
Carrying costs on properties held for sale	0	0	21,738	0	21,738	0	0	0	21,738	18,591
Community center activities	0	0	260	7,331	7,591	0	0	0	7,591	47,274
Conferences and meetings	1,719	93	604	1,480	3,896	2,383	207	2,590	6,486	5,790
Consulting	0	0	80,804	9,900	90,704	10,730	0	10,730	101,434	117,133
Contributions	0	0	452,982	0	452,982	1,442	0	1,442	454,424	12,146
Depreciation	5,575	0	124,812	0	130,387	8,644	0	8,644	139,031	135,900
Direct assistance	0	0	33,381	0	33,381	0	0	0	33,381	43,466
Dues and subscriptions	1,000	0	0	5,500	6,500	2,379	139	2,518	9,018	9,483
Employee benefits	12,377	2,979	22,479	10,114	47,949	35,124	7,433	42,557	90,506	83,615
Equipment rental	0	0	0	6,001	6,001	1,284	0	1,284	7,285	6,572
Insurance	7,989	0	57,228	7,638	72,855	16,223	0	16,223	89,078	91,090
Interest	9,062	0	144,680	0	153,742	5,625	0	5,625	159,367	181,886
IT Support	5,853	790	5,181	2,408	14,232	6,017	2,251	8,268	22,500	22,952
Legal	300	665	0	0	965	5,000	0	5,000	5,965	17,920
Management fees	0	0	16,227	0	16,227	0	0	0	16,227	14,527
Marketing and sponsorships	0	0	0	98	98	450	8,957	9,407	9,505	17,718
Meals and entertainment	691	91	377	95	1,254	4,862	140	5,002	6,256	3,366
Miscellaneous, office, and supplies	91	0	48,034	25,298	73,423	28,455	46	28,501	101,924	79,184
Payroll taxes	17,523	2,368	15,747	7,206	42,844	20,865	6,744	27,609	70,453	64,568
Postage and shipping	0	0	53	0	53	688	0	688	741	789
Pre-Development/Development	116,953	0	0	0	116,953	0	0	0	116,953	0
Printing and publications	0	0	0	0	0	1,044	0	1,044	1,044	906
Rent and office occupancy	11,132	2,496	10,087	2,495	26,210	33,823	2,856	36,679	62,889	64,798
Repairs	0	0	121,246	8,910	130,156	0	0	0	130,156	128,678
Salaries	241,768	32,635	214,000	99,471	587,874	248,518	92,952	341,470	929,344	849,161
Telephone	980	168	921	9,849	11,918	4,579	330	4,909	16,827	15,263
Travel	2,136	177	3,035	1,690	7,038	1,851	449	2,300	9,338	3,467
Utilities	0	0	13,278	51,253	64,531	0	0	0	64,531	54,626
Total Expenses	\$ 1,026,858	\$ 42,462	\$ 1,765,285	\$ 257,287	\$ 3,091,892	\$ 484,749	\$ 122,504	\$ 607,253	\$ 3,699,145	\$ 4,231,256

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

(With Summarized Financial Information for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (549,096)	\$ 15,832
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debt, net recoveries	969,290	2,068,196
Accrued interest on notes receivable	(556,924)	(538,498)
Historic tax credits	0	(1,623,816)
Depreciation	139,031	135,900
Forgiveness of debt	(211,073)	(200,287)
Partnership (income) loss	(14,552)	413
(Gain) on sale of properties held for sale	(382,345)	(280,839)
Changes in operating assets and liabilities:		
(Increase) in accounts receivable, grants receivable, and prepaid expenses	(253,301)	(59,873)
(Increase) decrease in developer fee receivable: affiliates	58,329	829,844
Increase (Decrease) in accounts payable and accrued expenses	(9,852)	135,857
(Decrease) in deferred rents	(10,074)	(6,969)
	(820,567)	475,760
Net Cash Provided by (used for) Operating Activities	(820,567)	475,760
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advances to affiliates	(338)	0
Proceeds from sale of property	529,000	746,000
Investments in partnerships	13,483	52
Advances on notes receivable	(419,475)	(210,995)
Payments on notes receivable	0	537,500
Additions to property and equipment and pre-development costs	(43,881)	(918,945)
Deposits returned	0	1
	78,789	153,613
Net Cash Provided by Investing Activities	78,789	153,613

See accompanying notes to consolidated financial statements.

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

Year Ended December 31, 2022

(With Summarized Financial Information for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on long-term debt	\$ (67,681)	\$ (64,330)
Loan proceeds	750,000	500,000
Advances on recoverable grant	29,310	14,931
Distributions	<u>(14,175)</u>	<u>(8,140)</u>
Net Cash Provided by Financing Activities	<u>697,454</u>	<u>442,461</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(44,324)	1,071,834
Cash, Cash Equivalents and Restricted Cash:		
Beginning of Year	<u>4,545,849</u>	<u>3,474,015</u>
End of Year	<u>\$ 4,501,525</u>	<u>\$ 4,545,849</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for -		
Interest - Net of capitalized amounts	<u>\$ 32,166</u>	<u>\$ 21,345</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>
<u>Non-cash Investing and Financing Activities</u>		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 397,644</u>	<u>\$ 0</u>
Investments in partnership for deemed equity distribution	<u>\$ 2,540,845</u>	<u>\$ 0</u>
Notes receivable in exchange for tax credits	<u>\$ 0</u>	<u>\$ 1,623,816</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

A. Summary of Significant Accounting Policies

Corporation

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

Program and Supporting Services

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

Program Services:

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

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

Asset Management - This program consists of expenses related to overseeing the management of operating rental properties including individual, multi-family and senior housing as both a direct owner and general partner. There are 1,239 units currently in service.

Community Services - This program encompasses activities focused on improving quality of life through linkage and referral resident service coordination connected to economic opportunities, health & wellness services, and youth and senior focused activities for individuals and families residing within the Faubourg Lafitte footprint, at Sacred Heart at St. Bernard, and at St. Bakhita in Marrero, Louisiana. This program also includes the operation of Sojourner Truth Neighborhood Center with Enterprise Community Partners. The Corporation contracts with third-party providers for additional supportive services and leveraged resources through additional community partners. Program staff coordinate multiple food distributions for residents, provide food vouchers from local grocers, and host monthly vaccination days to ensure all residents have the opportunity to receive the support they need.

Supporting Services:

Management and General - This supporting service includes the functions necessary to maintain an equitable employment program; ensure an adequate

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

working environment; provide coordination and articulation of the Corporation's program strategy through the office of the President; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Corporation; and manage the financial and budgetary responsibilities of the Corporation.

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

Basis of Accounting and Presentation

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

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

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

Net Assets

The Corporation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor requirements. These restrictions may be temporary or may be based on a particular use. Restrictions may be met

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

by the passage of time or by actions of the Corporation. Certain restrictions may be needed to be maintained in perpetuity.

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

Cost Allocation

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Corporation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include Salaries, IT Support and Rent. Salaries and IT Support are allocated based on time and where efforts are spent and Rent is allocated on square footage basis. All other expenses are directly attributable to a program or supporting service.

Limited Liability Companies

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

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

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

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

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

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

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

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

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

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

Noncontrolling Interest

The Corporation has a controlling interest in the following partnerships:

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

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

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

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Corporation provides for losses on accounts receivable using the allowance method. The allowance is based on

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experience and knowledge of circumstances that may affect the ability of clients to meet their obligations. Receivables are considered impaired if payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts is \$17,266 at December 31, 2022.

Revenue with and without Donor Restrictions

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

Notes Receivable - Programmatic Loans

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

Construction in Progress/Pre-development Costs

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

Property and Equipment

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

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

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

Income Taxes

Providence Community Housing qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended. The Corporation had no unrelated business income for the year. Providence Annunciation Inn Apartments, LLC; Providence Nazareth Inn I, LLC; Providence Nazareth Inn Apartments II, LLC; Providence Delille Inn Apartments, LLC; Providence St. John Berchman's Apartments, LLC; Providence St. Bakhita Apartments, LLC; Providence Lafitte Treme-Oak Place, LLC; PCH Sacred Heart at St. Bernard, LLC; and St. Ann 2017 MM, LLC have elected to be taxed as corporate entities. Lafitte Redevelopment, LLC; Providence Enterprise Orleans, LLC; Providence Building 12, LLC; Providence-Builders of Hope, LLC; Providence Columbia Sacred Heart, LLC; Onzaga Development Partners, LLC; Lafitte Block 6 Homeownership, LLC; and Our Lady of Lourdes, LLC have elected to be treated as partnerships for tax purposes.

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Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of December 31, 2022, management of Providence Community Housing and Subsidiaries believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years December 31, 2019 and later remain subject to examination by the taxing authorities.

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the *Consolidated Statements of Cash Flows*, the Corporation considers highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total in the statements of cash flows as of December 31, 2022:

Cash and cash equivalent	\$3,834,366
Cash restricted	<u>667,159</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$4,501,525</u>

Use of Estimates

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

Contributed Services

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

Volunteers also provided services throughout the year, which are not recognized as contributions in the consolidated financial statements since the recognition criteria under U.S. generally accepted accounting principles were not met.

Donated Property and Equipment

Donation of property and equipment are recorded as contributions at fair

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

Properties Held for Sale

Properties held for sale are recorded at cost when acquired or constructed, with allowances made to reflect the lower of cost or market. The properties held for sale consist of various lots located in the City of New Orleans that will be used in redevelopment projects. The costs associated with maintaining these properties are included in 'Carrying costs on properties held for sale' on the *Consolidated Statement of Functional Expenses* along with any additional construction costs incurred above the market value.

Promises to Give

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

Management Fees

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

Fair Value Measurements

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

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

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

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

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There were no assets or liabilities measured at fair value.

Leases

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

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

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

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

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

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

B. Cash Restricted

Certain amounts of cash are restricted for the following purposes:

Capital Magnet Fund	\$658,182
Real estate development	3,375
Tenant security deposits	<u>5,602</u>
	<u>\$667,159</u>

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C. Due from Affiliates

The Corporation has provided assistance to affiliated projects. The amounts due from affiliates are non-interest bearing, have no repayment terms, and are payable out of surplus cash (if available). During 2022, net advances totaled \$41,082 of which \$40,846 was reserved.

The following are the balances receivable from affiliates:

Columbia Sacred Heart, LLC	\$ 51
St. Ann 2017, LLC - Administrative fees	47,509
Lafitte Treme Oak Place, LLC - Administrative fees	180,866
New Affordable Housing Partners LLC	49
Others	<u>100</u>
	228,575
Less allowance	<u>228,139</u>
Total	<u>\$ 436</u>

D. Developer Fee Receivable - Affiliates

The Corporation, through its subsidiary Providence-Builders of Hope, LLC, is owed a developer fee from Lafitte Treme Oak Place, LLC. The developer fee is payable from project surplus cash. During 2022, \$28,351 was received. \$446,400

The Corporation, through its subsidiary, Onzaga Development Partners, LLC, is owed a developer fee from Sacred Heart of St. Bernard, LLC. The developer fee is payable from equity and project surplus cash. During 2022, no payments were received. 585,714

The Corporation, through its subsidiary St. Ann 2017 MM, LLC, is owed a developer fee from St. Ann 2017, LLC. The developer fee accrues interest at 2% per annum and is payable from project surplus cash. The balance due includes accrued interest of \$32,207. During 2022, payments of \$0 were received. 760,589

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

Delille Inn, LLC	132,045
Nazareth Inn I, LLC	178,615
	<u>\$2,103,363</u>

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E. Notes Receivable

The notes receivable balance includes accrued interest, is net of a valuation allowance, and consists of the following at December 31, 2022:

No.	Note receivable	Accrued interest	Subtotal	Less valuation allowance	Total
(1)	\$ 775,947	\$ 0	\$ 775,947	\$ 775,947	\$ 0
(2)	581,644	65,289	646,933	646,933	0
(3)	270,000	253,800	523,800	253,800	270,000
(4)	168,956	51,187	220,143	0	220,143
(5)	65,941	116,978	182,919	0	182,919
(6)	388,826	181,175	570,001	570,001	0
(7)	544,365	420,413	964,778	0	964,778
(8)	315,000	364,278	679,278	0	679,278
(9)	50,000	89,607	139,607	89,607	50,000
(10)	559,869	1,216,130	1,775,999	1,401,113	374,886
(11)	923,465	33,040	956,505	956,505	0
(12)	1,199,220	0	1,199,220	1,199,220	0
(13)	1,623,816	182,212	1,806,028	1,806,028	0
(14)	1,017,055	261,151	1,278,206	180,982	1,097,224
(15)	1,552,022	424,840	1,976,862	1,976,862	0
(16)	475,000	0	475,000	0	475,000
	<u>\$ 10,511,126</u>	<u>\$ 3,660,100</u>	<u>\$ 14,171,226</u>	<u>\$ 9,856,998</u>	<u>\$ 4,314,228</u>

Non-related Parties:

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

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Related Parties:

(2) In May 2009, Annunciation Inn Apartments, LLC signed a promissory note in the amount of \$610,848. The balance of this note is \$581,644 and bears interest at the applicable federal rate of 1.9% at December 31, 2022. This note is due and payable on or before August 1, 2049.

(3) In December 2008, Building 12, LLC signed a promissory note to pay the Corporation \$270,000. The note accrues interest at 8%. This note is due and payable in one payment in December 2040.

(4) In 2010, Building 12, LLC completed development, and per the development agreement agreed to pay the Corporation \$92,447. In 2012, Building 12, LLC completed additional development, and per the development agreement agreed to pay the Corporation an additional \$76,509. The Corporation is owed \$168,956 of development fees which accrue interest at 8% and are payable from cash flow pursuant to the partnership's operating agreement.

(5) In May 2008, Delille Inn Apartments, LLC signed a development service agreement to pay the Corporation for developing the project. The deferred development fee is \$65,941 and accrues interest at 8%. This amount is due on or before December 31, 2023.

(6) In May 2009, Delille Inn Apartments, LLC signed a promissory note in the amount of \$388,826. This note bears interest at the applicable federal rate (1.9 % at December 31, 2022). This note is due and payable on or before January 1, 2050.

(7) In May 2009, Nazareth Inn I, LLC signed a development service agreement to pay the Corporation for developing the project. The deferred development fee is \$544,365 and accrues interest at 8%. This amount is due on or before December 31, 2023.

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

(9) In December 2007, St. Bakhita Apartments, LLC signed a note to pay the Corporation \$50,000. The note accrues interest at a rate of 8% and is due on or before December 31, 2042.

(10) In December 2007, St. Bakhita Apartments, LLC signed a notes to pay the Corporation \$559,869. The note accrues interest at a rate of 8% and is due on or before December 31, 2042.

(11) In May 2009, St. John Berchman's Apartments, LLC signed a promissory note in the amount of \$1,284,626. The balance of this note is \$923,465 and bears interest at the applicable federal rate (1.9% at December 31, 2022). This note is due and payable on or before February 1, 2050.

(12) In 2019, St. Ann 2017, LLC signed a surplus cash promissory note in the amount of \$875,000. During 2022 the note was increased up to \$1,218,510. This note is collateralized by property and bears no

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interest. The balance of the note is payable annually commencing on January 1, 2020 and thereafter until the entire indebtedness has been paid. The balance of this note is \$1,199,220 and is payable out of surplus cash with all unpaid amounts due on May 1, 2060.

(13) On December 6, 2018, St. Ann 2017, LLC signed a surplus cash promissory note in the original amount of \$1,998,409. The note is collateralized by property, bears interest at 7.5%, which commenced January 1, 2020 and thereafter until the entire indebtedness has been paid. The balance of this note is \$1,623,816 and is payable out of surplus cash with all unpaid amounts due on May 1, 2060.

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

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

(16) During 2019, Lafitte 2017, LLC signed a promissory note with the Corporation totaling \$475,000. In April 2021, \$250,000 was repaid. In 2021, Lafitte 2017 signed an additional promissory note with the Corporation in the amount of \$250,000. Both notes will mature December 31, 2023.

F. Infrastructure

Management determined that the infrastructure construction related to the Lafitte redevelopment site will be dedicated to the City of New Orleans at the end of the agreement, and therefore, has no value on the consolidated statement of financial position. Accordingly, improvements are stated at net realizable value with a valuation allowance of \$5,398,499, which represents the infrastructure cost incurred through December 31, 2022. The amounts included in the accompanying consolidated statement of financial position at December 31, 2022 are as follows:

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

G. Leasing Activities

The Corporation has operating and financing leases for office space and ground rental. The operating lease is for office space lease is from St.

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

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

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
Right-of-use assets:			
Current	\$ 34,316	\$ 13,301	\$ 47,617
Noncurrent	<u>385,711</u>	<u>237,151</u>	<u>622,862</u>
	<u>\$420,027</u>	<u>\$250,452</u>	<u>\$670,479</u>
Lease liabilities:			
Current	\$ 34,316	\$ 13,301	\$ 47,617
Noncurrent	<u>385,711</u>	<u>237,151</u>	<u>622,862</u>
	<u>\$420,027</u>	<u>\$250,452</u>	<u>\$670,479</u>

The weighted average remaining lease term for operating and finance leases is 13 years and 50 years, respectively.

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

The maturities of lease liabilities are:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2023	\$ 35,937	\$ 14,363	\$ 50,300
2024	36,655	14,363	51,018
2025	37,389	14,363	51,752
2026	38,136	14,363	52,499
2027	38,899	14,363	53,262
Thereafter	<u>340,547</u>	<u>642,759</u>	<u>983,306</u>
	527,563	714,574	1,242,137
Less: Interest	<u>107,536</u>	<u>464,122</u>	<u>571,658</u>
Present value	<u>\$420,027</u>	<u>\$250,452</u>	<u>\$ 670,479</u>

Operating lease cost for the year was \$34,656.

Finance lease cost for the year was \$13,982.

H. Programmatic Investments in Partnerships

The Corporation reports its programmatic investments, Investments in Partnerships and Other Investments, using the equity method or a cost-based measure. The programmatic investments consist of the following:

Managing Members:		
Lafitte Treme - Oak Place, LLC		\$ 720,790
Nazareth Inn I, LLC		413,909
Other investments		(520)
St. Ann 2017, LLC		649,858
St. Bakhita Apartments, LLC		<u>2,539,996</u>
		<u>\$4,324,033</u>

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The following is summary financial information for material Investments in Partnerships and Other Investments:

	Lafitte Treme Oak Place, LLC	Nazareth Inn I, LLC	St. Ann 2017, LLC	St. Bakhita Apartments, LLC
Total Assets	<u>\$10,128,406</u>	<u>\$ 11,981,126</u>	<u>\$ 15,094,446</u>	<u>\$ 5,299,222</u>
Total Liabilities	<u>\$ 2,580,095</u>	<u>\$ 9,998,706</u>	<u>\$ 7,425,135</u>	<u>\$ 4,821,603</u>
Net (loss)	<u>\$ (278,015)</u>	<u>\$ (665,966)</u>	<u>\$ (690,516)</u>	<u>\$ (8,486,535)</u>

I. Accounts Payable - Other

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

J. Recoverable Grants and Other Liabilities

Recoverable grants and other liabilities consist of:

Recoverable grants:	
Lafitte Block 6 Homeownership, LLC	\$114,607
Other liabilities:	
Tenant security deposits	5,602
Short-term loan:	
Our Lady of Lourdes	509,452
Managing member loan:	
Providence Columbia Sacred Heart, LLC	<u>312,934</u>
	<u>827,988</u>
	<u>\$942,595</u>

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

On August 18, 2021, Our Lady of Lourdes, LLC, a subsidiary of the Corporation, entered into a no-interest short-term loan agreement with Enterprise Community Investment, Inc. For \$500,000 payable May 18, 2022. On May 15, 2022 the terms were amended to extend the due date to May 15, 2023 and to accrue 3% interest commencing May 15, 2022.

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

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K. Long-Term Debt

	<u>Mortgage</u>	<u>Forgivable Loan</u>	<u>Surplus Cash</u>
(1) First Horizon Bank	\$ 263,388	\$ 0	\$ 0
(2) Louisiana Housing Corporation	0	0	4,699,876
(3) State of Louisiana	0	297,450	0
(4) Greater New Orleans Foundation	750,000	0	0
(5) New Orleans Redevelopment Authority	35,820	0	0
<i>Total</i>	<u>\$1,049,208</u>	<u>\$297,450</u>	<u>\$4,699,876</u>

(1) In August 2013, the Corporation entered into an agreement in the amount of \$850,000. This loan bears interest at a rate of 5.75% and is payable in 180 monthly payments of \$7,097 ending August 28, 2028. This loan is collateralized by real estate with a carrying value of \$1,296,454.

(2) In December 2007, the Corporation assumed a loan from UJAMAA Community Development Corporation and entered into an agreement with the Louisiana Housing Corporation for \$3,032,669. This amount includes a principal balance of \$2,750,047. Total accrued interest on this loan is \$1,949,829. This loan bears interest at a rate of 4% and is payable from surplus cash generated by property owned by the Corporation with the first payment from excess cash flow from Building 12, LLC with all unpaid principal and interest due April 2038. This loan is collateralized by real estate.

(3) Beginning in 2011, the Corporation entered into forgivable debt agreements with the State of Louisiana. The agreements are non-interest bearing. The debt is forgivable at 10% per year once the property meets the State of Louisiana's affordability criteria. During 2022, \$211,073 of this debt was forgiven.

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

(5) In 2009, the Corporation entered into agreements with the New Orleans Redevelopment Authority for \$226,800. \$172,800 was to be repaid upon the sale of properties and \$54,000 is due October 16, 2024. The notes are non-interest bearing and the balance of these loans as of December 31, 2022 was \$35,820.

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

2023	\$ 62,919
2024	66,631
2025	70,677
2026	63,160
2027	750,000
Thereafter	<u>5,033,147</u>
	<u>\$6,046,534</u>

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

L. Deferred Rents

On December 20, 2007, the Corporation (lessor) entered into a ground lease with St. Bakhita Apartments, LLC (lessee) to lease land for 99 years in exchange for deferred rents. The amount of \$875,000 was prepaid by the lessee and is being amortized over the life of the lease which is from December 20, 2007 to December 31, 2106. At the expiration of the lease, the lessee will surrender the possession of the leased premises to the lessor. As of December 31, 2022, the deferred rent balance was \$742,424.

M. Net Assets

The following are the changes in net assets:

	<u>Net Assets Without Donor Restrictions</u>			<u>Net Assets</u>	<u>Total</u>
	<u>Controlling</u>	<u>Noncontrolling</u>	<u>Total</u>	<u>With Donor</u>	<u>Net Assets</u>
				<u>Restrictions</u>	
Beginning of year	\$14,736,532	\$683,955	\$15,420,487	\$1,251,236	\$16,671,723
Contributed Capital	0	0	0	0	0
Distributions	0	(14,175)	(14,175)	0	(14,175)
Change in Net Assets	<u>(535,279)</u>	<u>(2,013)</u>	<u>(537,292)</u>	<u>(11,804)</u>	<u>(549,096)</u>
End of year	<u>\$14,201,253</u>	<u>\$667,767</u>	<u>\$14,869,020</u>	<u>\$1,239,432</u>	<u>\$16,108,452</u>

N. Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes at December 31, 2022:

Subject to expenditure for specified purposes:

Real Estate Development:	
Capital Magnet Fund	\$1,189,432
Capital One grant	<u>50,000</u>
	<u>\$1,239,432</u>

The following net assets with donor restrictions were released from restrictions during 2022:

Real estate development - Capital Magnet Fund	\$12,500
Capital One grant	<u>50,000</u>
	<u>\$62,500</u>

O. NeighborWorks America Grants

NeighborWorks America provides expendable grants that have no donor restrictions to support program activities. During the year, \$452,000 was expended for this purpose.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

P. Concentrations

The Corporation may be subject to credit risk to its cash and cash equivalent investments, which are placed with high credit-quality financial institutions. From time to time, the Corporation may have amounts on deposit in excess of the FDIC \$250,000 limit. Management believes the Corporation is not exposed to any significant credit risk on cash, cash equivalents and restricted cash. As of December 31, 2022, the Corporation has approximately \$3,971,192 in cash and cash equivalents in excess of the FDIC \$250,000 limit. The Corporation has not experienced any losses on its cash and cash equivalents.

Q. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial Assets	\$16,278,394
Less: Amounts unavailable for general expenditures within one year	<u>11,918,671</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>4,359,723</u>

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

R. Commitments, Contingencies, and Guarantees

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

The Corporation has operating deficit guarantees for the various projects that they are the managing member. No amounts were required for the year ended December 31, 2022.

In 2016, the Corporation guaranteed a loan from the Louisiana Housing Corporation for the Artspace Bell School Project of \$3,711,649. At December 31, 2022, \$3,672,188 was outstanding.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

S. Reclassifications

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

T. Related Party Transactions

See Note A for limited liability companies, Note C for due from affiliates, Note D for developer fee receivables from affiliates, Note E for related party notes receivable, Note G for leasing activities, Note L for deferred rents, and Note R for related party guarantees.

U. Subsequent Events

In January 2023, the assets of Providence St. Bakhita Apartments, LLC and Providence Building 12, LLC were sold.

In February 2023, the Corporation obtained a \$2 million line of credit with a term of three years that bears interest at 5.75%.

Subsequent events have been evaluated through June 22, 2023, which is the date the consolidated financial statements were available to be issued.

V. Adoption of ASU 2020-07

During the year, the Corporation adopted a new accounting pronouncement: Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) ("ASU 2020-07").

ASU 2020-07 requires organizations to present contributed nonfinancial assets in a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to disaggregate the contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.

Management has analyzed the provisions of ASU 2020-07 and has concluded that no changes to their financial statement presentation is needed. The adoption of this accounting pronouncement had no effect on the previously reported change in net assets for the year ended December 31, 2021.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

W. Adoption of FASB ASC 842 (ASU 2016-02)

Effective January 1, 2022, the Corporation adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record an ROU asset and lease liability and the payments will be recognized as rent expense on a straight-line basis over the lease term and included in "Rent" on the accompanying Consolidated Statement of Functional Expenses.

The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of ROU assets and lease liabilities of \$718,442 as of January 1, 2022. Periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Corporation's results of operations, cash flows or debt covenants.

The adoption of FASB ASC 842, *Leases*, impacted the financial statements at December 31, 2022 with the recording of current and noncurrent ROU assets and lease liabilities. These balances are disclosed in Note G.

SUPPLEMENTARY INFORMATION

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2022

(With summarized financial information for the year ended December 31, 2021)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onzaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2022	Total 2021
CURRENT ASSETS													
Cash and cash equivalents	\$ 3,761,545	\$ 17,397	\$ 55,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,834,366	\$ 0	\$ 3,834,366	\$ 3,794,447
Accounts receivable, net	20,543	10,000	5,011	841,274	0	0	0	55,710	0	932,538	0	932,538	78,045
Grants receivable, net	102,271	0	0	0	0	0	0	0	0	102,271	0	102,271	45,240
Prepaid expenses	43,928	4,242	3,515	0	0	0	0	0	0	51,685	0	51,685	47,100
Right-of-use assets, current portion:													
Operating leases	34,316	0	0	0	0	0	0	0	0	34,316	0	34,316	0
Finance leases	0	13,301	0	0	0	0	0	0	0	13,301	0	13,301	0
Total Current Assets	3,962,603	44,940	63,950	841,274	0	0	0	55,710	0	4,968,477	0	4,968,477	3,964,832
PROPERTY AND EQUIPMENT													
Land	3,231,893	0	0	0	0	0	0	0	0	3,231,893	0	3,231,893	3,257,853
Buildings	4,493,016	55,750	0	0	0	0	0	0	0	4,548,766	0	4,548,766	4,782,401
Office furniture and equipment	295,134	0	0	0	0	0	0	0	0	295,134	0	295,134	251,253
Less: Accumulated Depreciation	8,020,043	55,750	0	0	0	0	0	0	0	8,075,793	0	8,075,793	8,291,507
1,135,545	25,117	0	0	0	0	0	0	0	0	1,160,662	0	1,160,662	1,073,128
Total Property and Equipment	6,884,498	30,633	0	0	0	0	0	0	0	6,915,131	0	6,915,131	7,218,379
OTHER ASSETS													
Cash restricted	663,784	0	0	0	0	0	3,375	0	0	667,159	0	667,159	751,402
Properties held for sale	347,244	0	0	0	0	0	0	0	0	347,244	0	347,244	285,801
Due from affiliates, net	123,335	0	0	0	0	100	0	151	0	123,586	123,150	436	98
Deposits	2,822	0	0	0	0	0	0	0	0	2,822	0	2,822	2,822
Developer fee receivable:													
Affiliates, net	1,071,248	0	0	0	446,401	585,714	0	0	0	2,103,363	0	2,103,363	2,161,692
Notes receivable, net	5,047,373	0	0	0	0	0	0	1,278,206	0	6,325,579	2,011,351	4,314,228	6,847,964
Right-of-use assets, noncurrent portion:													
Operating leases	385,711	0	0	0	0	0	0	0	0	385,711	0	385,711	0
Finance leases	0	237,151	0	0	0	0	0	0	0	237,151	0	237,151	272,835
Investments in partnerships	4,981,699	0	0	0	0	0	0	848,052	4,323,096	10,152,847	5,828,814	4,324,033	1,782,119
Pre-development costs	196,802	237,730	0	0	0	0	111,232	0	79,300	625,064	104,872	520,192	1,183,000
Total Other Assets	12,820,018	474,881	0	0	446,401	585,814	114,607	2,126,409	4,402,396	20,970,526	8,068,187	12,902,339	13,287,733
Total Assets	\$ 23,667,119	\$ 550,454	\$ 63,950	\$ 841,274	\$ 446,401	\$ 585,814	\$ 114,607	\$ 2,182,119	\$ 4,402,396	\$ 32,854,134	\$ 8,068,187	\$ 24,785,947	\$ 24,470,944

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2022

(With summarized financial information for the year ended December 31, 2021)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onsaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2022	Total 2021
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts payable and other accrued expenses	\$ 27,555	\$ 0	\$ 2,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 261,151	\$ 0	\$ 291,439	\$ 180,980	\$ 110,459	\$ 233,277
Accrued wages and vacation	63,691	0	0	0	0	0	0	0	0	63,691	0	63,691	62,253
Deferred rents, current portion	11,158	0	0	0	0	0	0	0	0	11,158	0	11,158	3,555
Lease liabilities, current portion:													
Operating	34,316	0	0	0	0	0	0	0	0	34,316	0	34,316	0
Finance	0	13,301	0	0	0	0	0	0	0	13,301	0	13,301	0
Long-term debt, due within one year	62,919	0	0	0	0	0	0	0	0	62,919	0	62,919	59,365
Total Current Liabilities	199,639	13,301	2,733	0	0	0	0	261,151	0	476,824	180,980	295,844	358,450
OTHER LIABILITIES													
Accounts payable, other	98,993	0	0	0	0	0	0	0	0	98,993	0	98,993	98,993
Due to related parties	0	0	123,099	331,822	0	0	0	1,524,172	1,214,962	3,194,055	3,194,055	0	0
Recoverable grant	0	0	0	0	0	0	114,607	0	0	114,607	0	114,607	94,150
Other liabilities	5,602	0	0	509,452	0	0	0	312,934	0	827,988	0	827,988	819,135
Deferred rents, less current portion	733,586	0	0	0	0	0	0	0	0	733,586	0	733,586	751,263
Lease liabilities, noncurrent portion:													
Operating	385,711	0	0	0	0	0	0	0	0	385,711	0	385,711	0
Finance	0	237,151	0	0	0	0	0	0	0	237,151	0	237,151	272,836
Long-term debt, less current portion	5,983,615	0	0	0	0	0	0	0	0	5,983,615	0	5,983,615	5,404,394
Total Other Liabilities	7,207,507	237,151	123,099	841,274	0	0	114,607	1,837,106	1,214,962	11,575,706	3,194,055	8,381,651	7,440,771
Total Liabilities	7,407,146	250,452	125,832	841,274	0	0	114,607	2,098,257	1,214,962	12,052,530	3,375,035	8,677,495	7,799,221
NET ASSETS	16,259,973	300,002	(61,882)	0	446,401	585,814	0	83,862	3,187,434	20,801,604	4,693,152	16,108,452	16,671,723
Total Liabilities and Net Assets	\$ 23,667,119	\$ 550,454	\$ 63,950	\$ 841,274	\$ 446,401	\$ 585,814	\$ 114,607	\$ 2,182,119	\$ 4,402,396	\$ 32,854,134	\$ 8,068,187	\$ 24,785,947	\$ 24,470,944

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

(With summarized financial information for the year ended December 31, 2021)

	Providence Community Housing	Lafitte Redevelop- ment, LLC	Providence Enterprise Orleans, LLC	Our Lady of Lourdes, LLC	Providence Builders of Hope, LLC	Onzaga Development Partners, LLC	Lafitte Block 6 Homeowner- ship, LLC	Sacred Heart Consolidated (Note 1)	General Partners Total (Note 2)	Total Before Eliminations	Eliminations	Total 2022	Total 2021
REVENUE, SUPPORT, GAINS AND LOSSES													
Contributions	\$ 13,440	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,440	\$ 0	\$ 13,440	\$ 37,001
Grants	1,491,485	0	0	0	0	0	0	0	0	1,491,485	0	1,491,485	1,093,981
Interest	783,717	0	0	0	0	0	0	51,049	0	834,766	(35,378)	799,388	724,635
Rents	274,580	55,500	0	0	0	0	0	0	0	330,080	0	330,080	322,286
Miscellaneous	12,852	0	0	0	0	0	0	0	0	12,852	0	12,852	5,932
Partnership income (loss)	8,804	0	0	0	0	0	0	6,794	(1,046)	14,552	0	14,552	(413)
Program services	40,846	0	95,055	0	0	0	0	13,506	0	149,407	(43,500)	105,907	116,595
Gain on sale of assets	382,345	0	0	0	0	0	0	0	0	382,345	0	382,345	1,904,655
Bad debt recoveries	0	0	0	0	0	0	0	0	0	0	0	0	42,416
Total	3,008,069	55,500	95,055	0	0	0	0	71,349	(1,046)	3,228,927	(78,878)	3,150,049	4,247,088
EXPENSES													
Accounting	44,763	550	550	0	0	0	0	0	0	45,863	0	45,863	35,875
Bad debt	969,290	0	0	0	0	0	0	0	0	969,290	0	969,290	2,110,612
Carrying costs on properties held for sale	21,738	0	0	0	0	0	0	0	0	21,738	0	21,738	18,591
Community center activities	841	0	6,750	0	0	0	0	0	0	7,591	0	7,591	47,274
Conferences and meetings	6,486	0	0	0	0	0	0	0	0	6,486	0	6,486	5,790
Consulting	101,434	0	0	0	0	0	0	0	0	101,434	0	101,434	117,133
Contributions	454,424	43,500	0	0	0	0	0	0	0	497,924	(43,500)	454,424	12,146
Depreciation	133,456	5,575	0	0	0	0	0	0	0	139,031	0	139,031	135,900
Direct assistance	33,381	0	0	0	0	0	0	0	0	33,381	0	33,381	43,466
Dues and subscriptions	9,018	0	0	0	0	0	0	0	0	9,018	0	9,018	3,483
Employee benefits	90,506	0	0	0	0	0	0	0	0	90,506	0	90,506	83,615
Equipment rental	1,284	0	6,001	0	0	0	0	0	0	7,285	0	7,285	6,572
Insurance	73,452	7,988	7,638	0	0	0	0	0	0	89,078	0	89,078	91,090
Interest	143,696	0	0	0	0	0	0	51,049	0	194,745	(35,378)	159,367	181,886
IT support	22,500	0	0	0	0	0	0	0	0	22,500	0	22,500	22,952
Legal	5,965	0	0	0	0	0	0	0	0	5,965	0	5,965	17,820
Management fees	16,227	0	0	0	0	0	0	0	0	16,227	0	16,227	14,527
Marketing and sponsorships	9,505	0	0	0	0	0	0	0	0	9,505	0	9,505	17,718
Meals and entertainment	6,256	0	0	0	0	0	0	0	0	6,256	0	6,256	3,366
Miscellaneous, office, and supplies	76,647	0	25,277	0	0	0	0	0	0	101,924	0	101,924	79,184
Payroll taxes	70,453	0	0	0	0	0	0	0	0	70,453	0	70,453	64,568
Postage and shipping	741	0	0	0	0	0	0	0	0	741	0	741	789
Pre-development/development	116,953	0	0	0	0	0	0	0	0	116,953	0	116,953	0
Printing and publications	1,044	0	0	0	0	0	0	0	0	1,044	0	1,044	906
Rent and office occupancy	62,889	0	0	0	0	0	0	0	0	62,889	0	62,889	64,798
Repairs	121,246	0	8,910	0	0	0	0	0	0	130,156	0	130,156	128,678
Salaries	929,344	0	0	0	0	0	0	0	0	929,344	0	929,344	849,161
Telephone	7,699	0	9,128	0	0	0	0	0	0	16,827	0	16,827	15,263
Travel	9,338	0	0	0	0	0	0	0	0	9,338	0	9,338	3,467
Utilities	13,278	0	51,253	0	0	0	0	0	0	64,531	0	64,531	54,626
Total	3,553,854	57,613	115,507	0	0	0	0	51,049	(1,046)	3,778,023	(78,878)	3,699,145	4,231,256
Change in net assets	\$ (545,785)	\$ (2,113)	\$ (20,452)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,300	\$ (1,046)	\$ (549,096)	\$ 0	\$ (549,096)	\$ 15,832

Providence Community Housing and Subsidiaries
Notes to Consolidating Schedules
December 31, 2022

1. Sacred Heart Consolidated

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

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

All significant intercompany transactions have been eliminated.

2. General Partners Total

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

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

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FROM PUBLIC FUNDS
YEAR ENDED DECEMBER 31, 2022

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

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Program Title/Pass-through Grantors	Federal Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed through the City of New Orleans:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant	14.218	CDBG2018-002	\$ <u>278,980</u>
Total CDBG - Entitlement Cluster	14.218		<u>278,980</u>
Passed through Enterprise Community Partners:			
Capacity Building for Community Development and Affordable Housing	14.252	175F0851	<u>40,000</u>
Total U.S. Department of Housing and Urban Development			<u>318,980</u>
U.S. Department of Treasury:			
Community Development Financial Institution Fund: Capital Magnet Fund	21.011	171CM022377	168,750
Passed through NeighborWorks America	21.000		<u>452,000</u>
Total U.S. Department of Treasury			<u>620,750</u>
U.S. Department of Homeland Security: Federal Emergency Management Agency			
Passed through the Governor's office of Homeland Security and Emergency Preparedness			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	785687315	<u>439,432</u>
Total U.S. Department of Homeland Security			<u>439,432</u>
Total Expenditures of Federal Awards			\$ <u><u>1,379,162</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Providence Community Housing and Subsidiaries under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Providence Community Housing and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Providence Community Housing and Subsidiaries.

B. 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, where certain types of expenditures are not allowable or are limited as to reimbursement.

C. Indirect Costs

Providence Community Housing and Subsidiaries did not elect to use the 10% de minimis indirect cost rate.

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)
RENE G. GAUTREAU, C.P.A.
(1958-2019)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Providence Community Housing and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
June 22, 2023

PACIERA, GAUTREAU & PRIEST, LLC

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

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RENE G. GAUTREAU, C.P.A.
(1958-2019)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Providence Community Housing and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Providence Community Housing and Subsidiaries' major federal programs for the year ended December 31, 2022. Providence Community Housing and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Providence Community Housing and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Providence Community Housing and Subsidiaries and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Providence Community Housing and Subsidiaries' compliance with the compliance requirements referred to above.

Board of Directors
Providence Community Housing
and Subsidiaries

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Providence Community Housing and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Providence Community Housing and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Providence Community Housing and Subsidiaries' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Providence Community Housing and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Providence Community Housing and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Providence Community Housing and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Metairie, Louisiana
June 22, 2023

PROVIDENCE COMMUNITY HOUSING
AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.203(a)? No

Identification of major program:

<u>Federal Assistance Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	U.S. Department of Homeland Security and Emergency Preparedness Disaster Grants: Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings No matters are reportable.

Section III - Federal Award Findings and Questioned Costs No matters are reportable.

PROVIDENCE COMMUNITY HOUSING AND SUBSIDIARIES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Providence Community Housing & Subsidiaries and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022, through December 31, 2022. Providence Community Housing & Subsidiaries' ("Providence") management is responsible for those C/C areas identified in the SAUPs.

Providence has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022, through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were noted as a result of applying these procedures.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were noted as a result of applying these procedures.
 - c) ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were noted as a result of applying these procedures.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation

with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were noted as a result of applying these procedures.

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were noted as a result of applying these procedures.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were noted as a result of applying these procedures.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were noted as a result of applying these procedures.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were noted as a result of applying these procedures.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Results: Procedures were not performed. The Louisiana Code of Ethics is not applicable to Providence, a nonprofit entity. This is not an exception.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Procedures were not performed. Providence, a nonprofit entity, does not have debt service. This is not an exception.

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application

of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were noted as a result of applying these procedures.

- 1) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were noted as a result of applying these procedures.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were noted as a result of applying these procedures.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Results: This procedure does not apply to Providence. It is a nonprofit entity. This is not an exception.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: This procedure does not apply to Providence. It is a nonprofit entity. This is not an exception.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: This procedure does not apply to Providence. There were no findings present. This is not an exception.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 5 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were noted as a result of applying these procedures.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were noted as a result of applying these procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Providence Community Housing & Subsidiaries and the Louisiana Legislative Auditor
Page 5

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were noted as a result of applying these procedures.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were noted as a result of applying these procedures.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were noted as a result of applying these procedures.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were noted as a result of applying these procedures.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were noted as a result of applying these procedures.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were noted as a result of applying these procedures.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were noted as a result of applying these procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were noted as a result of applying these procedures.

Providence Community Housing & Subsidiaries and the Louisiana Legislative Auditor
Page 6

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions were noted as a result of applying these procedures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were noted as a result of applying these procedures.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results: No exceptions were noted as a result of applying these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying these procedures.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were noted as a result of applying these procedures.

14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were noted as a result of applying these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Providence Community Housing & Subsidiaries and the Louisiana Legislative Auditor
Page 8

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: These procedures were not performed because Providence Community Housing & Subsidiaries did not have any per diem reimbursements. This is not an exception.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were noted as a result of applying these procedures.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were noted as a result of applying these procedures.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of applying these procedures.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: These procedures were not performed because Providence Community Housing & Subsidiaries did not have any contracts subject to the Louisiana Public Bid Law. This is not an exception.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Results: These procedures were not performed because Providence Community Housing & Subsidiaries did not have any contracts subject to the Louisiana Public Bid Law. This is not an exception.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

Results: These procedures were not performed because Providence Community Housing & Subsidiaries did not have any contracts amended. This is not an exception.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: These procedures were not performed because Providence Community Housing & Subsidiaries did not have any contracts amended. This is not an exception.

Payroll and Personnel

- 17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were noted as a result of applying these procedures.

- 18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were noted as a result of applying these procedures.

- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination

payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: No exceptions were noted as a result of applying these procedures.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of applying these procedures.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: These procedures were not performed because Providence is a nonprofit entity. These procedures do not apply. This is not an exception.

Debt Service

22. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

Results: These procedures were not performed because Providence is a nonprofit entity. These procedures do not apply. This is not an exception.

23. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: These procedures were not performed because Providence is a nonprofit entity. These procedures do not apply. This is not an exception.

Fraud Notice

24. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of applying these procedures.

25. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of applying these procedures.

Information Technology Disaster Recovery/Business Continuity

26. Perform the following procedures and verbally discuss the results with management:

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedures and discussed the results with management. No exceptions were noted as a result of applying these procedures.

27. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were noted as a result of applying these procedures.

Sexual Harassment

28. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: We performed the procedures and discussed the results with management. No exceptions were noted as a result of applying these procedures.

29. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Results: We performed the procedures and discussed the results with management. No exceptions were noted as a result of applying these procedures.

30. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

Results: We performed the procedures and discussed the results with management. No exceptions were noted as a result of applying these procedures.

We were engaged by Providence to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Providence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in blue ink that reads "Paciera, Gautreau & Priest, LLC". The signature is written in a cursive, flowing style.

Paciera, Gautreau & Priest, LLC
Metairie, Louisiana
June 22, 2023