

NORTHSHORE HOUSING INITIATIVE, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS

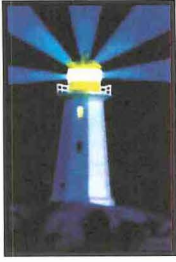
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

NORTHSHORE HOUSING INITIATIVE, INC.

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

ACCOUNTANTS' REPORT

To the Board of Directors
Northshore Housing Initiative, Inc.
Slidell, Louisiana

Management is responsible for the accompanying financial statements of Northshore Housing Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Service Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the 2021 financial statements.

We previously reviewed the accompanying 2020 financial statements of the Northshore Housing Initiative, Inc., and we stated that we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America in our report dated March 9, 2021, by we have not performed any procedures in connection with that review engagement since that date.

Bernard & Franks

Metairie, Louisiana
December 23, 2021

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 76,145	\$ 131,028
Accounts Receivable- Government Agency	33,466	4,025
Total current assets	\$ 109,611	\$ 135,053
CONSTRUCTION IN PROGRESS	\$ -	\$ 4,923
LAND-designated for leases	\$ 620,500	\$ 461,320
OTHER ASSETS		
Deposits	\$ 425	\$ 425
Prepaid expense	-	-
Total other assets	\$ 425	\$ 425
Total assets	\$ 730,536	\$ 601,721
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 4,924
Accrued payroll	3,891	2,628
Vested leave benefits	4,692	4,692
Total current liabilities	\$ 8,583	\$ 12,244
LONG TERM LIABILITY		
Paycheck protection program loan	\$ 12,842	\$ 13,300
LEASEHOLDER DEPOSITS	\$ 10,425	\$ 8,895
NET ASSETS		
Without donor restriction		
Undesignated	\$ 78,186	\$ 105,962
Designated	620,500	461,320
With donor restriction	-	-
Total net assets	\$ 698,686	\$ 567,282
Total current liabilities and net assets	\$ 730,536	\$ 601,721

See accompanying notes and Accountant's Report.

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Government grant	\$ 160,770	\$ -	\$ 160,770
Contributions	18,359	-	18,359
PPP extinguishment of debt	13,300	-	13,300
Lease fees	10,305	-	10,305
Proceeds from the sale of houses	13,000	-	13,000
Total revenues, gains, and other support	<u>\$ 215,734</u>	<u>\$ -</u>	<u>\$ 215,734</u>
 EXPENSES			
Program services	\$ 57,751	\$ -	\$ 57,751
Supporting services			
General and administrative	23,427	-	23,427
Fundraising	3,152	-	3,152
Total expenses	<u>\$ 84,330</u>	<u>\$ -</u>	<u>\$ 84,330</u>
Change in net assets	\$ 131,404	\$ -	\$ 131,404
NET ASSETS BEGINNING OF YEAR	<u>\$ 105,962</u>	<u>\$ 461,320</u>	<u>\$ 567,282</u>
NET ASSETS END OF YEAR	<u><u>\$ 237,366</u></u>	<u><u>\$ 461,320</u></u>	<u><u>\$ 698,686</u></u>

See accompanying notes and Accountants Report.

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 101,040	\$ -	\$ 101,040
Lease fees	11,610	-	11,610
Other income	2,142	-	2,142
Total revenues, gains, and other support	\$ 114,792	\$ -	\$ 114,792
EXPENSES			
Program services	\$ 52,410	\$ -	\$ 52,410
Supporting services			
General and administrative	27,627	-	27,627
Fundraising	3,275	-	3,275
Total expenses	\$ 83,312	\$ -	\$ 83,312
Change in net assets	\$ 31,480	\$ -	\$ 31,480
 NET ASSETS BEGINNING OF YEAR	 \$ 74,482	 \$ 461,320	 \$ 535,802
 NET ASSETS END OF YEAR	 \$ 105,962	 \$ 461,320	 \$ 567,282

See accompanying notes and Accountants Report.

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Affordable Housing Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation and related expense:				
Compensation	\$ 48,800	\$ 9,150	\$ 3,050	\$ 61,000
Payroll taxes and benefits	1,639	307	102	2,048
Total	<u>\$ 50,439</u>	<u>\$ 9,457</u>	<u>\$ 3,152</u>	<u>\$ 63,048</u>
Dues and fees	\$ -	\$ 150	\$ -	\$ 150
Insurance	-	2,776	-	2,776
Miscellaneous	4,922	-	-	4,922
Office expenses	-	3,158	-	3,158
Professional fees	2,390	900	-	3,290
Rent	-	5,100	-	5,100
Telephone	-	1,078	-	1,078
Travel	-	124	-	124
Website	-	684	-	684
Total expenses	<u>\$ 57,751</u>	<u>\$ 23,427</u>	<u>\$ 3,152</u>	<u>\$ 84,330</u>

See accompanying notes and Accountants Report.

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Affordable Housing Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation and related expense:				
Compensation	\$ 48,677	\$ 9,127	\$ 3,042	\$ 60,846
Payroll taxes and benefits	3,733	1,398	233	5,364
Total	<u>\$ 52,410</u>	<u>\$ 10,525</u>	<u>\$ 3,275</u>	<u>\$ 66,210</u>
Dues and fees	\$ -	\$ 369	\$ -	\$ 369
Insurance	-	2,545	-	2,545
Miscellaneous	-	155	-	155
Office expenses	-	265	-	265
Professional fees	-	6,506	-	6,506
Rent	-	5,100	-	5,100
Telephone	-	1,087	-	1,087
Travel	-	391	-	391
Website	-	684	-	684
Total expenses	<u>\$ 52,410</u>	<u>\$ 27,627</u>	<u>\$ 3,275</u>	<u>\$ 83,312</u>

See accompanying notes and Accountants Report.

NORTHSHORE HOUSING INITIATIVE, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 131,404	\$ 31,480
Abandonment of construction in progress	4,923	-
(Increase) decrease in operating assets:		
Accounts receivable	(29,441)	45,975
Deposit & prepaid expense	-	7,365
Increase (decrease) in operating liabilities:		
Accounts payable and other current liabilities	(3,661)	139
Net cash provided by (used in) operating activities	\$ 103,225	\$ 84,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land designated for leases	\$ (159,180)	\$ -
Transfer of funds into the cash reserve for leases	-	-
Net cash provided by (used in) investing activities	\$ (159,180)	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck protection program loan	\$ (458)	\$ 13,300
Proceeds from leases for cash reserve	1,530	1,530
Expenditures for construction in progress	-	-
Payments on line of credit	-	-
Net cash provided by (used in) financing activities	\$ 1,072	\$ 14,830
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 \$ (54,883)	 \$ 99,789
 BEGINNING CASH AND CASH EQUIVALENTS	 131,028	 31,239
 ENDING CASH AND CASH EQUIVALENTS	 \$ 76,145	 \$ 131,028

See accompanying notes and Accountants Report.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Northshore Housing Initiative, Inc. was organized as a nonprofit organization in 2005. The Organization is a community land trust committed to the permanent stewardship of the land and the long-term affordability of workforce housing. Using a shared equity model, the Organization helps moderate-income homebuyers purchase a home by investing in the land. The land is leased to the homebuyer by the trust under a long-term lease that includes a resale formula to ensure affordability is preserved for the next buyer.

Mission

The Organization, a community land trust, is committed to the permanent stewardship of the land and the long-term affordability of workforce housing. Using a shared equity model, the Organization helps moderate-income homebuyers purchase a home by investing in the land. The land is leased to the homebuyer by the trust with a long-term lease that includes a resale formula to ensure affordability is preserved for the next buyer.

The Organization currently operates an owner-identified homeownership program. Once qualified for the land purchase grant, the homeowner pre-qualifies with a lending partner and finds the house they wish to purchase. The Organization provides homebuyer and financial literacy training through local partnerships and ensures safe and affordable mortgages for homebuyers. The owner-identified program has closed on fifteen properties to date. St. Tammany Parish grants fund the land purchases and certain Organizational operating costs.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization follows the financial statement presentation recommended by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of restrictions on use placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated net assets for the land trust from net assets without donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary, such as those met by the passage of time or other events specified by the donor.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

Other donor-imposed restrictions are perpetual, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that a donor restricts for use for a particular purpose or a specific future period. Other restrictions may be perpetual, such as those that a donor restricts to maintain the resources in perpetuity.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor has limited use, as promised contributions are not yet due. Contributions of property and equipment or cash restricted earmarked to acquire property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. As of June 30, 2021, and 2020, the Organization has not received any contributions with donor-imposed restrictions that would result in donor-restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The account receivable from a government agency is the amount management expects to collect from outstanding balances, primarily on grants treated as exchange transactions. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

Restricted Cash Reserves and Leaseholder Deposits

Restricted cash reserves consist of payments required by the lease agreement from the leaseholders held in a separate account for possible repairs to the leaseholder's property.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when the donor promises to give to the Organization that is, in substance, unconditional. Contributions that the donor restricts are reported as increases without donor restrictions net assets. If the restrictions expire in the fiscal year, the contributions are recognized. All other donor-restricted contributions are reported to increase donor restriction net assets class. When a restriction expires, net assets are reclassified to net assets without donor restriction net assets class.

Grant revenue from governmental agencies is recorded as earned in accordance with approved agreements and contracts when services specified by the agreement are performed and expended by the Organization.

Lease fees paid under the land lease agreements are recognized as income when the monthly rental fee is collected. Uncollected fees are considered doubtful for collection and are not recognized until the fee is collected.

Donated Assets and Services

Assets donated with explicit restrictions regarding their use and cash contributions that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies with donor-restricted net assets to without donor net assets over such useful life.

Contributions of donated non-cash assets are recorded at their fair market value in the period received. Individuals who possess those skills provide contributions of donated services that create or enhance nonfinancial assets or require specialized skills. They would typically need to be purchased if not provided by donation. They are recorded at their fair market values in the period received. For the years ended June 30, 2021 and 2020, the Organization had no in-kind contributed services.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,500 for property and equipment at cost. Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets straight-line. Routine repairs and maintenance are expensed as incurred.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

The Organization's primary source of revenue is from a governmental grant for real estate and organization expenditures. For the fiscal years ended June 30, 2021 and 2020, government grants were \$160,770 and \$0 or 75% and 0% of total gross revenues, respectively. Also, \$18,359 and \$101,040 or 9% and 88% of the total gross revenue was from contributions for 2021 and 2020. The Payroll Protection Program loan forgiveness resulted in \$13,300 or 6% of gross revenues for 2021. The remaining \$23,305 and \$13,752 or 10% and 12% of the total gross revenue was from fees related to leases, proceeds from house sales, and others.

Income Tax Status

The Organization is a nonprofit organization and exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements. The Organization's Federal Exempt Information Returns (Form 990) for years ended June 30, 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly related to the class are charged as appropriate.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), requiring lessees to recognize right-of-use assets and lease liabilities for all leases with terms longer than 12 months. The adoption of this standard is expected to result in the Bureau's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Organization's financial statements. Organizations may apply the guidance of Update No. 2016-02 to annual reporting periods beginning after December 15, 2021.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU amends the existing accounting standards for revenue recognition, requiring an entity to recognize the amount of revenue it expects to be entitled to the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a complete retrospective or retrospective with a cumulative effect transition method. Organizations may apply the guidance to annual reporting periods beginning after December 15, 2021.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at one financial institution. Accounts at the Institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) for \$250,000. As of June 30, 2021 and 2020, the Organization has no uninsured balances.

NOTE 3. LINE OF CREDIT

The Organization has a \$150,000 bank line of credit renewed to July 24, 2021. Amounts borrowed under this agreement bear interest at 5.10%. There was no outstanding balance for the years ended June 30, 2021 and 2020. The grant secures the Organization's line of credit.

NOTE 4. LEASING ACTIVITIES

The Organization's leasing activities consist of leasing land to qualified homebuyers. The Organization had fifteen leases by the year ended June 30, 2021. Each lease is for 99 years and requires a monthly payment of \$45. The Organization received \$10,305 and \$11,610 in lease fee payments for the years ended June 30, 2021 and 2020, respectively.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4. LEASING ACTIVITIES (Continued)

The following is a schedule by years of future minimum proceeds under the leases at June 30, 2021:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 9,180
2023	9,180
2024	9,180
2025	9,180
2026	9,180
Thereafter	<u>825,205</u>
Total	<u>\$ 871,105</u>

NOTE 5. LEASE

Beginning January 1, 2018, a lease located in Slidell, Louisiana, was executed for the administrative office. The lease term was for twelve months ending December 31, 2018. Since the termination of the lease, the lease is on a month-to-month basis. The lease requires monthly payments of \$425. Rental expense for the years ended June 30, 2021 and 2020 was \$5,100.

NOTE 6. PAYCHECK PROTECTION PROGRAM (LOAN)

On April 15, 2020, the Organization received loan proceeds for \$13,300 under the Paycheck Protection Program ("PPP"). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and associated accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four weeks. The bank and the SBA forgave the initial PPP loan in the year ended June 30, 2021. The amount was recognized as income in the statement of activity for that year. The Organization received a second-round PPP Loan in April 2021 of \$12,842.

The unforgiven portion of the PPP loan will be payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP forgiveness requirements. On June 30, 2021, if the loan were to be paid in accordance with the terms of the note, then monthly payments of \$548 including interest would begin on September 15, 2022, and be paid through April 15, 2024. The loan balance would increase by \$172 for accrued interest. Principle payments of \$5,391 and \$6,529 would be paid for the years ended June 30, 2023 and 2024, respectively.

NORTHSHORE HOUSING INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7. BOARD DESIGNATED NET ASSETS

For the years ended June 30, 2021 and 2020, board designated net assets were set aside for the following purpose:

	2021	2020
Land trust	\$620,500	\$ 461,320

NOTE 8. BOARD OF DIRECTORS

The Board of Directors serves the Organization without compensation.

NOTE 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

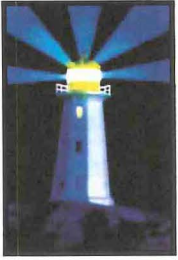
The Organization had the following financial assets available within one year of the Statements of Financial Position date for general expenditures for the years ended June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 76,145	\$ 131,028
Accounts receivable	33,466	4,025
	\$ 109,611	\$ 135,053

None of the financial assets listed above are subject to donor restrictions or other contractual restrictions that make them unavailable for general expenditures within one year of the Statements of Financial Position. The Organization has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through December 23, 2021, the date the financial statements were available to be issued.



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

The Board of Directors
Northshore Housing Initiative, Inc.
Slidell, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Northshore Housing Initiative, Inc. (a nonprofit organization), and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Northshore Housing Initiative, Inc.'s compliance with certain laws, regulations, and best practices during the fiscal year ended June 30, 2021. The Northshore Housing Initiative, Inc.'s management is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget:

Results:

Written policies and procedures were obtained from management regarding budgeting, and the written policies and procedures address the preparation, adoption, monitoring, and amendment of the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; and (3) the preparation and approval process of purchase requisitions and purchase orders.

Results:

Written policies and procedures were obtained and reviewed for the purchasing process. Employees and administrators seek approval from the Executive Director to purchase all material or services. The Executive Director is responsible for researching vendors, determining the best quality and price for the purchase, and avoiding conflicts of interest. The written policies and procedures address how vendors are approved and the purchase preparation and approval process.

- c) **Disbursements**, including processing, reviewing, and approving:

Results:

The financial policies and procedures of the Northshore Housing Initiative, Inc. for disbursements were obtained and reviewed. The guidelines addressed the processing, reviewing, and approval of disbursements. The policies and procedures require preapproval to initiate a purchase. The Executive Director prepares a package of checks supported by invoices, purchase orders, payment request forms, and any other documentation. The Board Chairperson approves the package and signs checks under \$2,500. Disbursements over \$2,500 require the board chairperson and treasurer's approval and signature.

- 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).

Results:

Written policies and procedures were obtained from the management of the Organization for the cash receipts process. The policies and procedures address the timely submission of grant reimbursement requests, recording, and preparation of deposits. Policies require a daily deposit of collections, if possible. However, deposits cannot exceed five days after collection. Cash receipts must be deposited intact in the form and amount in which was collected. No cash receipts may be withheld from the deposit for any reason. Deposits slips must be completed in duplicate with all checks listed individually.

- e) **Payroll/Personnel**, including (1) payroll processing, and (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:

Written policies and procedures for payroll and personnel were obtained and reviewed. The Organization has a separate and complete *Personnel Policies and Procedures Employee Handbook*. The Handbook addressed the payroll processing process, reviewing and approving time and attendance records, and leave and overtime policies. Payroll is processed bi-weekly basis. Employee manuals are provided for each employee that details the leave policy and other terms of employment. The Board of Directors approves the rates of pay or salary for each employee annually.

- 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:

Written policies and procedures for contracting were obtained and reviewed. The Organization has a separate *Procurement and Contracting Policies and Procedures Manual*. According to Uniform Guidance guidelines, the policies break down procurement requirements based on the purchase amount. Micro purchases, purchases between \$1 and \$3,000, require a determination of a reasonable price. Small purchases include purchases between \$3,001 and \$150,000. Small purchases require price and rate quotations from an adequate number of qualified sources. Purchases over \$150,000 require proposals from multiple sources. Contracts are needed for this level of purchase. This purchase level can also be conducted through sealed bids that are publicly solicited.

- 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:

Written policies and procedures for credit cards were obtained and reviewed. The financial policy requires the board of directors to preapprove applications for any credit card. The cards that are authorized are entered into the *Credit Card Issuance Log*. Credit cards are assigned for use solely to one individual. Credit cards can only be used for purchasing business supplies, printing and equipment, and approved business travel. Credit card receipts are reconciled with the monthly credit card statement. The policies addressed how credit cards are controlled and allowable business use. The policies also address documentation requirements, required approvers, and monitoring card usage 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:

Written policies and procedures were obtained and reviewed regarding travel and expense reimbursement. The financial policy requires that the Board Chairperson preapprove all travel-related expenses. An expense reimbursement form must be completed. All travel expenses must be supported by original receipts accompanying the expense reimbursement form. The policy describes acceptable documentation for travel-related expenses. The guidelines address types of costs reimbursable by the Organization, dollar thresholds by cost category, documentation requirement, and required approvers.

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.

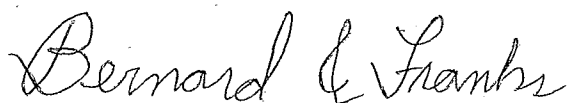
Results:

Northshore Housing Initiative, Inc.'s information technology follows the recommendations of its qualified consultant. The critical data is backed up daily. The backups are located in the cloud and are isolated from the network. Antivirus software is active on all systems.

Conclusion

We were not engaged to perform and did not perform an audit, the objective of which would be to express an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the use of management of Northshore Housing Initiative, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BERNARD & FRANKS
A Corporation of Certified Public Accountants



Metairie, Louisiana
December 23, 2021