Gulf Coast Housing Partnership, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Gulf Coast Housing Partnership, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Gulf Coast Housing Partnership, Inc., (GCHP) which comprise the consolidated statement of financial position as of December 31, 2023 and the related consolidated 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 2023 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GCHP as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adjustments to Prior Period Consolidated Financial Statements

The consolidated financial statements of GCHP as of December 31, 2022 were audited by other auditors whose report dated June 12, 2023, expressed an unmodified opinion on those consolidated financial statements. As more fully described in Note 13, GCHP has restated its 2022 consolidated financial statements during the current year to correct an error related to the accounting of an asset acquisition, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2022 consolidated financial statements before the restatement.

As part of our audit of the 2023 consolidated financial statements, we also audited adjustments described in Note 13 that were applied to restate the 2022 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 consolidated financial statements of GCHP other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements as a whole.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 GCHP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GCHP's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of GCHP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GCHP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GCHP's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 4, 2024

CONSOLIDATED FINANCIAL STATEMENTS

Gulf Coast Housing Partnership, Inc.
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022 (as restated)
ASSETS		
Cash and cash equivalents	$ 7,908,101	$ 6,887,782
Restricted cash and cash equivalents	30,340,559	38,885,169
Accounts receivable	1,776,764	721,945
Grants and contributions receivable	324,887	1,249,852
Prepaids	1,632,024	1,064,252
Developer fees receivable	1,003,329	1,472,164
Notes receivable	64,397,829	44,544,967
Allowance for credit losses	(1,698,789)	-
Net notes receivable	62,699,040	44,544,967
Real estate held for development and sale	16,494,848	15,126,905
Property and equipment, net	382,439,109	334,406,859
Other assets	4,171,591	3,131,087
Investments	123,435	313,726
Total assets	$ 508,913,687	$ 447,804,708
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 1,181,380	$ 2,144,962
Construction costs payable	6,898,033	11,003,448
Refundable advances	5,295,000	2,670,000
Developer fees payable	9,163,017	8,069,155
Other payables	9,013,844	5,439,459
Due to related parties	3,237,387	2,939,279
Notes payable, net of debt issuance costs	238,971,663	212,951,681
Total liabilities	273,760,324	245,217,985
NET ASSETS		
Without donor restrictions		
GCHP - controlling interest	66,224,712	68,613,075
Noncontrolling interests in subsidiaries	151,355,792	118,385,297
Total net assets without donor restrictions	217,580,504	186,998,372
With donor restrictions	17,572,859	15,588,353
Total net assets	235,153,363	202,586,725
Total liabilities and net assets	$ 508,913,687	$ 447,804,708

Gulf Coast Housing Partnership, Inc.
Consolidated Statements of Activities
December 31, 2023 and 2022

	2023			2022 (as restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Property operations rental income	$ 14,695,813	$ -	$ 14,695,813	$ 11,716,305	$ -	$ 11,716,305
Grants and contributions	35,000	1,764,308	1,799,308	1,969,000	750,000	2,719,000
Development fees	3,825,144	-	3,825,144	5,648,918	-	5,648,918
Federal grants	-	1,871,572	1,871,572	2,355,678	3,924,984	6,280,662
Forgiveness of debt, net	1,598,198	-	1,598,198	745,314	-	745,314
Interest income	576,153	-	576,153	594,146	-	594,146
Management fees	2,330,999	-	2,330,999	887,879	-	887,879
Rental income	-	-	-	129,740	-	129,740
Interest income on cash and cash equivalents	410,998	-	410,998	107,076	-	107,076
Gain/(loss) on disposition	297,525	-	297,525	602,951	-	602,951
Gain/(loss) on investments in partnerships	(64,302)	-	(64,302)	(83,720)	-	(83,720)
Other revenue	395,302	-	395,302	253,816	-	253,816
Grants and contributions released from restriction	1,651,374	(1,651,374)	-	3,455,213	(3,455,213)	-
Total support and revenue	25,752,204	1,984,506	27,736,710	28,382,316	1,219,771	29,602,087
EXPENSES						
Program services	37,176,074	-	37,176,074	24,555,197	-	24,555,197
Support services	4,453,804	-	4,453,804	4,539,657	-	4,539,657
Total expenses	41,629,878	-	41,629,878	29,094,854	-	29,094,854
Change in net assets	(15,877,674)	1,984,506	(13,893,168)	(712,538)	1,219,771	507,233
NET ASSETS, BEGINNING OF YEAR	186,998,372	15,588,353	202,586,725	144,593,352	14,368,582	158,961,934
Change in accounting principle (see note 1)	(1,421,905)	-	(1,421,905)	-	-	-
Change in net assets	(15,877,674)	1,984,506	(13,893,168)	(712,538)	1,219,771	507,233
Noncontrolling members' net contributions to subsidiaries	47,881,711	-	47,881,711	43,117,558	-	43,117,558
Change in consolidated net assets	30,582,132	1,984,506	32,566,638	42,405,020	1,219,771	43,624,791
NET ASSETS, END OF YEAR	$ 217,580,504	$ 17,572,859	$ 235,153,363	$ 186,998,372	$ 15,588,353	$ 202,586,725

Gulf Coast Housing Partnership, Inc.
Consolidated Statements of Functional Expenses
December 31, 2023 and 2022

	2023			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries & benefits:				
Administrative	$ -	$ 1,552,082	$ 282,384	$ 1,834,466
Development	1,864,927	-	-	1,864,927
Property management	4,475,844	-	-	4,475,844
Service related expenses	478,543	-	-	478,543
Administrative expenses	1,210,465	976,055	-	2,186,520
Maintenance repairs & improvements	2,070,682	36,006	-	2,106,688
Professional fees	1,081,379	238,447	-	1,319,826
Contributions	4,651,600	-	-	4,651,600
Utilities	1,760,015	25,088	-	1,785,103
Insurance expense	3,580,950	128,485	-	3,709,435
Taxes	834,287	-	-	834,287
Other property related expenses	877,898	-	-	877,898
Interest expense	3,930,076	973,844	-	4,903,920
Other financing expenses	110,350	-	-	110,350
Other non-operating expenses	187,659	158,286	-	345,945
Allowance for credit losses	276,883	-	-	276,883
Depreciation & amortization	9,784,516	83,127	-	9,867,643
Total expenses	$ 37,176,074	$ 4,171,420	$ 282,384	$ 41,629,878

	2022 (as restated)			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries & benefits:				
Administrative	$ -	$ 1,708,957	$ 184,434	$ 1,893,391
Development	1,543,374	-	-	1,543,374
Property management	3,572,473	-	-	3,572,473
Service related expenses	395,199	-	-	395,199
Administrative expenses	964,524	1,328,407	-	2,292,931
Maintenance repairs & improvements	1,816,438	25,616	-	1,842,054
Professional fees	846,630	142,524	-	989,154
Utilities	1,187,642	24,144	-	1,211,786
Insurance expense	2,554,978	224,567	-	2,779,545
Taxes	608,223	-	-	608,223
Other property related expenses	545,751	-	-	545,751
Interest expense	2,922,741	860,821	-	3,783,562
Other financing expenses	423,093	3,925	-	427,018
Depreciation & amortization	7,174,131	36,262	-	7,210,393
Total expenses	$ 24,555,197	$ 4,355,223	$ 184,434	$ 29,084,854

Gulf Coast Housing Partnership, Inc.
Consolidated Statements of Cash Flows
December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		(as restated)
Changes in net assets:	$ (13,893,168)	$ 507,233
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	9,413,526	7,061,040
Forgiveness of debt	(1,598,198)	(745,314)
Loss (gain) on investments	190,291	(64,572)
Provision for credit losses	276,883	-
Amortization of deferred fees	454,119	60,828
Noncash interest (amortization of debt issuance costs)	110,252	88,525
Loss (gain) on disposition	(297,525)	(602,951)
Noncash contribution expense	4,651,600	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,054,819)	872,897
Grants and contributions receivable	924,965	2,159,998
Prepaids	(567,772)	(280,229)
Developer fees receivable	468,836	(178,860)
Accounts payable and accrued expenses	(963,582)	(1,258,165)
Refundable advances	2,625,000	575,016
Other payables	3,574,385	1,638,386
Net cash provided by operating activities	4,314,791	9,833,833
Cash flows from investing activities:		
Purchases of real estate, property, and equipment, net of acquired assets	(70,438,158)	(86,333,899)
Disbursement of notes receivable	(20,216,345)	(17,802,568)
Collection on notes receivable	363,483	15,475
Proceeds on real estate held for investment	4,258,813	1,759,389
Net cash used in investing activities	(86,032,208)	(102,361,603)
Cash flows from financing activities:		
Proceeds from notes payable	73,375,308	71,072,551
Payments on notes payable	(45,867,379)	(25,112,215)
Proceeds from related parties	298,108	39,951
Contributions and transfers from non-controlling interests	47,881,711	43,117,558
Change in other assets, net	(1,494,621)	(630,049)
Net cash provided by financing activities	74,193,125	88,487,796
Net change in cash and cash equivalents	(7,524,291)	(4,039,974)
Cash and cash equivalents at beginning of year	45,772,951	49,812,925
Cash and cash equivalents at end of year	$ 38,248,660	$ 45,772,951
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest, net of capitalized interest	$ 2,486,123	$ 2,354,994
Change in accounts payable related to construction	$ (3,011,553)	$ 5,247,612
Reconciliation to Consolidated Statements of Financial Position:		
Cash and cash equivalents for cash flow statements include:		
Cash and cash equivalents	$ 7,908,101	$ 6,887,782
Restricted cash and cash equivalents	30,340,559	38,885,169
	$ 38,248,660	$ 45,772,951

1. Summary of Significant Accounting Policies

(a) History and Organization

Gulf Coast Housing Partnership, Inc. is a non-profit organization organized under the laws of the State of Delaware to acquire, own, develop, hold, sell, lease, transfer, exchange, operate, and manage all types of real estate projects, including any buildings and other improvements particularly in the Gulf South region states of Alabama, Louisiana, Mississippi, and Texas; to foster and stimulate economic development; and to play a key role in developing a new institutional infrastructure through which long-term, affordable housing in the Gulf South can be successfully produced, owned, and operated.

These financial statements have been consolidated to include all accounts of Gulf Coast Housing, Inc., and its subsidiaries (collectively, GCHP or the Organization).

The following are wholly owned subsidiaries that are disregarded for income tax purposes:

1122 OCH, L.L.C.	GCHP-MSD1 GP, LLC
165 Dauphin GP, L.L.C.	GCHP-MSD2 GP, LLC
1840 Baronne L.L.C.	GCHP-MSD3 GP, LLC
Banneker, LLC	GCHP-MSD4 GP, LLC
Beverly Land, L.L.C.	GCHP-Polybar Owner, LLC
GCHP-1409 OCH, L.L.C.	GCHP-RBR 2002, LLC
GCHP-Clinton GP, LLC	GCHP-Scott, LLC
GCHP-German Schoolhouse GP, LLC	GCHP-Spanish Town, LLC
GCHP-German Schoolhouse, LLC	GCHP-Springs, LLC
GCHP-Hammon GP 3, LLC	GCHP-Westwego, LLC
GCHP-Hammond GP Two, LLC	Gulf Coast Housing Partnership, LLC
GCHP-Hammond Landlord, LLC	Hooper Ridge, LLC
GCHP-Haven GP, LLC	Howell Village, LLC
GCHP-Hooper Ridge, LLC	Midtown Homes, LLC
GCHP-Jericho, LLC	MSD2, LP
GCHP-LDG, LLC	MSD3, LP
GCHP-Management, LLC	MSD4, LP
GCHP-Meadows GP, LLC	OSBR Land, LLC
GCHP-MLK Development, LLC	Village at the Beverly III, LP

The following are wholly owned subsidiaries that are non-profit entities:

GCHP LA CHDO, Inc.	GCHP-Texas, Inc.

(a) History and Organization (continued)

The following are wholly owned subsidiaries or partnerships that are for profit entities:

1300 OCH GP, LLC
1626 OCH GP, LLC
Clinton Heights, LP
Country Ridge Estates GP, LLC
GCHP-1854 GP, LLC
GCHP-Beau Sejour GP, LLC
GCHP-Cypress Gardens GP, LLC
GCHP-Elysian III, LLC
GCHP-Elysian, LLC
GCHP-Esplanade GP, LLC
GCHP-Gabriel Villa GP, LLC
GCHP-Gabriel Villa GP, LLC
GCHP-Government GP, LLC
GCHP-Hammond 3, LP
GCHP-Hammond GP, LLC
GCHP-Hammond Two, LP
GCHP-Jefferson Davis GP, LLC
GCHP-McDonogh 16 GP, LLC
GCHP-Muses, LLC
GCHP-Nel Court GP, LLC
GCHP-Nel Court, GP, LLC
GCHP-NorthPark GP, LLC
GCHP-Old Morrison GP, LLC
GCHP-Raymond Road GP, LLC
GCHP-Richland GP, LLC
GCHP-Villas at Lafayette SLP, LLC
GCHP-Virginia Meadows GP, LLC
H3C GP, LLC
Jefferson Davis, LTD
King Rampart LLC
LMBD Lafourche GP, LLC
Lotus Village GP, LLC
Meadows Family, LP
Old Morrison GP, LLC
Village at the Beverly GP, LLC
Village at the Beverly II GP, LLC

The following partnerships have been consolidated based on GCHP's 51% to 99% ownership percentage in the partnership:

AG 2018, LLC
GCHP-1854 GP, LLC
GCHP-Claiborne MM, LLC
GCHP-Elysian II GP, LLC
GCHP-Elysian III GP, LLC
GCHP-Mid City GP, LLC
GCHP-Midtown GP, LLC
GCHP-North Park GP, LLC
GCHP-One Stop, LLC
GCHP-Progress Park GP, LLC
McKee City Living GP, LLC
Pearl Street Southwest MM, LLC
TGBG1, LLC
West-Millsaps GP, LLC

(a) History and Organization (continued)

The following partnerships have been consolidated based on GCHP's effective control as managing member or controlling member of:

1300 OCH, LLC	GCHP-NMTC-2020-NUMBER 3, LLC
1626 OCH LLC	GCHP-NMTC-2020-NUMBER 4, LLC
165 Dauphin, LP	GCHP-NMTC-2020-NUMBER 5, LLC
1854 North Street, LLC	GCHP-PolyBar, LLC
Beau Sejour Apartments, LP	GCHP-Progress Park, LLC
Country Club Estates, LP	H3C, LLC
Country Ridge Estates, LP	Les Maisons de Bayou LaFourche, LLC
Gabriel Villa Apartments, LP	Lotus Village, LP
GCHP-Claiborne, LLC	McDonogh 16, LLC
GCHP-Cypress Gardens, LP	McKee City Living, LP
GCHP-Elysian II, LLC	Nel Court, LP
GCHP-Esplanade, LLC	North Park Housing, GP, LLC
GCHP-Hammond, LLC	Northpark Housing, LP
GCHP-Jefferson Davis, LC.	Old Morrison Partners, LP
GCHP-Mid City, LLC	Pearl Street Southwest, LLC
GCHP-Midtown, LP	Raymond Road Partners LP
GCHP-MLK, LLC	RBR Government, LP
GCHP-NMTC-2019#1, LLC	Richland Gardens, LP
GCHP-NMTC-2019#2, LLC	Village at the Beverly II, LP
GCHP-NMTC-2019#3, LLC	Village at the Beverly, LLC
GCHP-NMTC-2019#4, LLC	Virginia Meadows Parcel 1, LLC
GCHP-NMTC-2019#5, LLC	Virginia Meadows Parcel 2, LLC
GCHP-NMTC-2020-NUMBER 1, LLC	Virginia Meadows, LP
GCHP-NMTC-2020-NUMBER 2, LLC	West-Millsaps, LLC

Other non-consolidated partnership interests are as follows:

50% of Country Club Estates GP, LLC (equity method)	50% of Elysian Manager, LLC (equity method)
.01% of Country Club Estates LP, LLC (cost)	.01% of The Elysian, LLC (cost)
50% of McCaleb Supportive Housing, LLC (equity method)	.005% The Muses, LTD 1(cost)

All significant intercompany accounts and transactions have been eliminated.

To assist in financing project developments, the Organization utilizes a combination of federal, state and local grants, as well low-income housing, historic, and new markets tax credits.

(b) Basis of Accounting and Presentation of Net Assets

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had $17,572,859 and $15,588,353 of net assets with donor restrictions as of December 31, 2023 and 2022, respectively. These net assets are restricted by purpose and time.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restrictions are accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

(d) Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. Cash equivalents represent cash demand deposits and all highly liquid debt instruments with an original maturity of three months or less from the date of purchase.

(e) Restricted Cash and Cash Equivalents

GCHP maintains restricted cash accounts as required by grant and loan agreements.

(f) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances.

(g) Allowance for Credit Losses

The Organization has established an allowance for credit losses to provide estimates of uncollectible loans, which is reflected in the consolidated statements of financial position within loans receivable as a contra asset. Although variability is inherent in such estimates, management believes that the allowance for credit losses on loans provided in the consolidated financial statements is adequate. However, because of the small population of loans and limited historical experience, as well as changing, unassessed or inaccurate variables and analysis, actual losses could be significantly more or less than management's estimate. As adjustments to these estimates become necessary, such adjustments are included in current operations as an expense for provision for credit losses in the consolidated statements of activities. On an annual basis, the Organization reviews the current level of reserves, and the state of the portfolio to determine the adequacy of the reserve level to cover future losses based on historical experience adjusted for current conditions and reasonable supportable forecasts.

The Organization pools loans for estimating its allowance for credit loss based on the type of loan made and risk rates each based on the following criteria before origination and annually thereafter: Consistency and capability of management; Financial strength or condition; Development plan and projections; Collateral values. In assessing each loan's risk, the Organization applies an allowance to each of the pools based on the weighted creditworthiness of each pool.

The Organization also addresses the GAAP requirements of CECL by making an adjustment to the allowance for credit losses. In this process the Organization analyzes macro-economic trends in the region and applies them to the loan assets in its portfolio. These scenarios are grounded in factors such as Unemployment, Inflation, and GDP growth, and they adjust the expected loss rate calculations to produce a net residual change to the established allowance for credit losses. This macro-level adjustment is reviewed annually.

Changes in the allowance for credit losses on loans are recorded as provision for credit losses income (expense) on the statements of activities. After write-off, any recovery is recognized as income in the period in which it was received. A charge-off does not lessen the effort to collect.

Prior to the adoption of the credit loss standard on January 1, 2023, financial assets reported at cost were reviewed for impairment using an incurred loss model.

(h) Debt Issuance Costs

Debt issuance costs paid in connection with securing the financing of a property are amortized on an interest method basis over the term of the respective loan.

(i) Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated

(j) Property and Equipment (continued)

using the straight-line basis over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 20 to 40 years for buildings and improvements, and 3 to 10 years for furniture, equipment, and fixtures. Maintenance and repairs are expensed as incurred and major improvements are capitalized. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of activities. The Organization's capitalization threshold is $3,500.

Impairment of long-lived assets is reviewed whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. Fair market value is determined primarily using appraisals. In 2022, Construction-in-Process related to one subsidiary, GCHP-Cypress Gardens, LP, was impaired in the amount of $351,369. There were no other impairments of long-lived assets recorded by management during the years ended December 31, 2023 and 2022.

(k) Tax Exempt Status

Gulf Coast Housing Partnership, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

(l) Real Estate Development

GCHP capitalizes project costs which include acquisition and predevelopment costs (real estate held for development and sale), and construction and development costs incurred during construction (construction in progress) for each of its projects. GCHP also capitalizes, upon commencement of construction, interest charges from debt related to these specific projects. Interest capitalized was $2,194,655 and $1,310,823 for the years ended December 31, 2023, and 2022, respectively. When projects are sold, the related cost and accumulated depreciation as applicable are removed from the accounts; any gain or loss is included in the consolidated statements of activities.

(m) Revenue Recognition

Contributions – GCHP recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of

(n) Revenue Recognition (continued)

substantially met.

Federal and state grants – A portion of GCHP's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when GCHP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. GCHP received grant funds of $5,295,000 and $2,670,000 that were not recognized as revenues at December 31, 2023 and 2022, respectively, as qualifying expenditures have not yet been incurred.

Gains and losses on sales of real estate – A gain or loss on the sale of real estate assets is recognized when the criteria for an asset to be derecognized are met, which include when (i) a contract exists and (ii) the buyer obtained control of the nonfinancial asset that was sold.

Development fees – The performance obligation associated with development fees is the oversight of and management of the development or redevelopment of real estate projects. While the individual activities that comprise the performance obligation of the development fees can vary day-to-day, the nature of the overall performance obligation to provide development services is the same and considered by GCHP to be a series of services that have the same pattern of transfer to the customer and the same method to measure progress toward satisfaction of the obligation. Revenue is recognized over time using output measurements which reflect GCHP's performance in transferring control of the services to the customer and consideration of the status of construction on the project. These are estimates which require management's judgment. Consideration is payable in accordance with the individual development agreements and amounts may be payable over periods that exceed one year.

Management fees – The performance obligation associated with management fees is the management of real estate properties. While the individual activities that comprise the performance obligation of the management fees can vary day-to-day, the nature of the overall performance obligation to provide management services is the same and considered by GCHP to be a series of services that have the same pattern of transfer to the customer and the same method to measure progress toward satisfaction of the obligation. Management fees received in advance are deferred to the applicable period in which the related services are performed.

Rental income – Rental income is recognized as the rent becomes due. Rental payments received in advance are deferred until earned. All leases between GCHP and the tenants of the property are operating leases. Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivables consist of amounts due for rental income, other tenant charges, and charges for damages and cleaning fees in excess of forfeited security deposits. GCHP does not accrue interest on the tenant receivable balances.

(o) Functional Expense Allocation

The costs of the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or support services categories based on specific identification where possible. Salaries and benefits are allocated based on the estimates of time and effort. Depreciation, amortization, property taxes, and insurance expenses are allocated based on properties utilized by the program versus those properties used for management and general operations. All other costs are charged directly to the appropriate functional category.

(p) Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"), Leases. ASU 2016-02 and its amendments have now formally entered into the FASB codification as ASC Topic 842, Leases ("ASC 842"). The objective of ASC 842 is to establish the principles for lessees and lessors to apply for reporting useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. ASC 842 requires lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance of operating leases.

On January 1, 2022, GCHP adopted ASC 842 using the modified retrospective approach as of the adoption date, whereby the cumulative effect of adoption was recognized on the adoption date and prior periods were not restated.

Upon adoption of the standard, we elected the practical expedients provided for in ASC 842, including:

No reassessment of whether any expired or existing contracts were or contained leases;
No reassessment of the lease classification for any expired or existing leases;
No reassessment of initial direct costs for any existing leases; and
No separation of lease and non-lease components.

GCHP has various office lease agreements which are among related parties and are consolidated in our financial statements. As GCHP is the lessee and the lessor in the agreements and all amounts are consolidated for these leases, we have eliminated the right-of-use asset and lease liability in consolidation. Due to election of the package of practical expedients, upon adoption of ASC 842 these lease agreements continue to be classified as operating leases.

GCHP's affordable housing properties are leased on a 12-month basis subject to non-cancelable operating leases and therefore, not subject to ASC 842. Our commercial properties are subject to non-cancelable operating leases with terms greater than 12 months and therefore subject to ASC 842.

(q) Recently Adopted Accounting Pronouncements (continued)

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13 ("ASU 2016-13"), Financial Instruments – Credit Losses (Topic 326) which requires organizations to measure all expected credit losses for financial instruments held at the reporting date. ASU 2016-13 and subsequent amendments are codified in ASC 326. ASC 326 is effective for all not-for-profit entities for fiscal years beginning after December 15, 2022. The objective of ASC is to require reporting entities to record the expected lifetime credit losses for financial instruments at the time those instruments are originated or purchased.

GCHP's adoption of this standard is described earlier in this Note 1. On January 1, 2023 GCHP recorded a $1,421,906 charge to net assets as a result of adopting ASC 326 on a modified retrospective basis.

(r) Correction of Errors and Changes in Presentation of Consolidated Financial Statements

The Organization is restating its previously issued audited consolidated financial statements as of and for the year ended December 31, 2022. This restatement results from the correction of an error in the 2022 consolidated financial statements related to the accounting for the acquisition of McDonogh 16, LLC. See Note 13 - Restatement for details of this correction. Additionally, certain amounts in the prior period consolidated financial statements have been reclassified to conform to the current period presentation.

2. Concentration of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

GCHP owns, develops, holds, sells, leases, transfers, exchanges, operates, and manages all types of real estate projects, including any buildings and other improvements in the Gulf South region resulting in geographic concentration.

3. Liquidity

The following represents the Organization's financial assets available for general expenditures within one year at December 31:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 38,248,659	$ 45,772,951
Accounts and other receivables	3,104,979	3,443,961
Current portion of notes receivable	450,000	157,867
Total financial assets	41,803,638	49,374,779
Less: cash and grants receivable with restrictions	(30,665,446)	(40,135,021)
	$ 11,138,192	$ 9,239,758

GCHP's cash management plan is to ensure that it has sufficient liquidity to carry out its mission. Effective cash management enhances GCHP's ability to plan and manage development projects and operating properties.

As part of GCHP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. GCHP aims to maintain working capital balances of at least three months of operating expenses. Management regularly monitors the availability of resources required to manage liquidity, using a variety of reports and practices to identify liquidity concerns.

GCHP is substantially supported through and generates liquid resources from management fees and developer fees related to development and property management activities. Philanthropic grant and contribution capital is generally utilized by GCHP to fund project developments.

To supplement liquidity, GCHP currently had committed lines of credit which it could further draw upon in the amount of $2,167,469 and $2,274,029 as of December 31, 2023 and 2022 (Note 6).

4. Property and Equipment

Property and equipment consists of the following at December 31:

	2023	2022
Land, lots, buildings, and improvements	$ 412,500,897	$ 297,320,677
Construction in progress	3,959,474	69,551,466
Furniture, equipment, and fixtures	18,091,428	13,073,488
	434,551,799	379,945,631
Less accumulated depreciation	(52,112,690)	(45,538,772)
Property and equipment, net	$ 382,439,109	$ 334,406,859

Substantially all property and equipment is pledged as collateral on long-term debt.

Total depreciation expense for the years ended December 31, 2023 and 2022 was $9,431,526 and $7,061,040; respectively. Construction in progress represents construction costs incurred by the

4. Property and Equipment (Continued)

Organization as of December 31, 2023 and 2022. For the year ended December 31, 2023, the Organization incurred $54,973,139 in construction costs, including retainage. The Organization entered into several construction contracts totaling $124,332,153 related to projects in process at year end.

5. Notes Receivable

Details of notes receivable are as follows as of December 31:

	2023	2022
The Elysian, L.L.C. * - (East Baton Rouge Parish Redevelopment funds) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	$ 841,100	$ 841,100
The Elysian, L.L.C. * - (Office of Community Development funds) note receivable with an interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	4,000,000	4,000,000
The Elysian, L.L.C. * - (Louisiana Housing Finance Agency funds) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	2,099,930	2,099,930
The Elysian, L.L.C. * - (Developer Fee Loan) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	352,617	352,617
Reconcile New Orleans, Inc. * - (Health and Human Services funds) note receivable with interest rate at 0% per annum; principal is due December 31, 2041. The note is secured by real estate.	765,828	765,828
The Muses Ltd 1 * - (HOME funds) note receivable with interest rate at 2.75% per annum; principal and accrued interest are due May 31, 2026. The note is secured by real estate.	2,000,000	2,000,000
McCaleb Supportive Housing - note receivable with interest rate at 5% per annum; principal and accrued interest are due in monthly installments beginning April 19, 2013, and amortized over 15 years. The outstanding balance of any principal and interest is due on June 17, 2026. The note is secured by real estate.	73,805	87,471
3222 Canal Apartments * - (HOME funds) note receivable with interest rate at 0% per annum; principal payment of note will be automatically forgiven upon the later of (i) the expiration of the affordability period set forth in the Grant Agreement and (ii) the payment in full of the Deferred Developer Fee as described in the Development Services Agreement. The note is secured by real estate.	1,000,000	1,000,000
3222 Canal Apartments * - (AHP funds) note receivable with interest rate at 0% per annum; principal is due February 26, 2030. The note is secured by real estate.	1,000,000	1,000,000

5. Notes Receivable (Continued)

	2023	2022
Mission Properties Foundation * - (CDBG funds) note receivable with interest rate at 0% per annum; the note will be automatically forgiven upon the written acknowledgment by the State of Louisiana office of Community Development. The note is secured by real estate.	$ 1,738,559	$ 1,738,559
Regional Community Finance, LLC * - note receivable line of credit with interest rate of 1.0% per annum; principal and interest are due annually commencing on January 1, 2029. All unpaid principal and interest shall be due at maturity on July 1, 2051.	140,828	140,828
NBC * - USA Housing Inc Twenty-Six - (HOME funds) note receivable with interest at 0% per annum; principal is due March 28, 2033.	475,000	475,000
Odyssey House Louisiana * - note receivable with interest rate at 0% per annum; principal is due December 2, 2049.	760,016	760,216
The Muses Ltd 1 - (Enterprise funds) note receivable with interest rate at 0% per annum; principal is due at the earlier of the sale and/or refinancing of The Muses Ltd 1 or October 1, 2039.	50,000	50,000
Country Club Estates, LP * - (AHP funds) note receivable with interest rate at 3.08% per annum; principal is due December 31, 2059. The note is secured by real estate.	500,000	500,000
Realtymasters, LLC - $4,850,000 note receivable with an interest rate of 1.16% per annum; interest is due quarterly. Commencing on June 5, 2028, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on December 31, 2040.	4,850,000	4,850,000
OCH Commercial, LLC - $6,305,000 notes receivable with an interest rate of 1.31% per annum, interest is due quarterly. Commencing on September 5, 2028, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on July 1, 2056.	6,305,000	6,305,000
Villas of Lafayette * - (AHP funds) notes receivable with interest rate at 0% per annum; principal is due February 26, 2055. These notes are secured by real estate.	1,061,000	1,061,000
Regional Community Finance, LLC * - (Health and Human Services funds) note receivable with interest rate at 0% per annum; principal is due April 8, 2052. The note is secured by personal property.	799,800	800,000
The Dewberry - $4,607,500 note receivable with an interest rate of 1.15% per annum; interest is due quarterly. Commencing on June 5, 2028, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on September 8, 2029.	4,607,500	4,607,500
The Pearl Clinic, LLC - $4,850,000 note receivable with an interest rate of 1.09% per annum; interest is due quarterly. Commencing on June 5, 2029, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on April 8, 2057.	4,850,000	4,850,000
Oakwood University, Inc. - $4,607,500 note receivable with an interest rate of 1.06% per annum; interest is due quarterly. Commencing on June 5, 2029, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on May 4, 2057.	4,607,500	4,607,500

5. Notes Receivable (continued)

	2023	2022
Odyssey House Louisiana * - (Health and Human Services funds) note receivable with interest rate at 0% per annum; principal is due December 2, 2049.	$ 1,200,000	$ 1,200,000
The Elysian, L.L.C. * - (Operating Deficit Loan) note receivable with interest rate at 0% per annum; principal is due December 31, 2023.	253,000	53,000
Country Club Estates, LLC * – note receivable with interest rate at 0% per annum, principal is due December 1, 2023.	50,000	50,000
Odyssey House Louisiana - note receivable with interest rate at 6% per annum; Final maturity is in July 2026.	-	349,418
St. Thomas Community Health Center - $4,850,000 note receivable with an interest rate of 1.35% per annum; interest is due quarterly. Commencing on June 5, 2030, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on May 1, 2053.	4,850,000	-
Crescent Care Health Center - $8,730,000 note receivable with an interest rate of 1.50% per annum; interest is due quarterly. Commencing on March 5, 2030, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on January 31, 2053.	8,730,000	-
Magic City Acceptance Academy - $4,850,000 note receivable with an interest rate of 1.42% per annum; interest is due quarterly. Commencing on March 5, 2031, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on December 13, 2053.	4,850,000	-
Odyssey House of Louisiana - $1,000,000 note receivable with an interest rate of 6.75% per annum; interest due monthly. All unpaid principal and interest are due at maturity on April 23, 2025.	786,445	-
Crescent Care Health Center - $800,000 note receivable with an interest rate of 0%. All unpaid principal is due at maturity on January 25, 2053.	799,900	-
Total notes receivable	64,397,829	44,544,967
Less: Allowance for credit losses	(1,698,789)	-
Total net notes receivable	$ 62,699,040	$ 44,544,967

Accrued interest receivable on the above notes totaled $891,768 and $812,201 as of December 31, 2023 and 2022, respectively. Accrued interest receivable is included in other assets in the consolidated statements of financial position.

Loans denoted with * do not require payment until maturity.

5. Notes Receivable (continued)

The risk characteristics of each loan portfolio segment are as follows:

Qualified Low-Income Community Investments (QLICIs) related to New Markets Tax Credit transactions

For QLICIs that are secured by the commercial real estate financed for development, GCHP establishes requirements related to long-term commercial tenants to ensure that the financing can be supported once the development is complete. Repayment of these loans is primarily dependent on the commercial tenant leases which can be impacted by changes in economic conditions and government policies as most of the tenants are federally supported health care institutions. Risk is mitigated by having the leases in place prior to development starting.

As of December 31, 2023 GCHP reserved $221,160 and $197,395 respectively for these loans against potential future losses. The total balance in the loan portfolio as of December 31, 2023 and 2022 was $43,650,000 and $20,370,000

Loans with Forgiveness Provisions

GCHP has made loans with forgiveness provisions in the event that certain future events occur. These loans are secured by liens on income-producing real estate. The repayment of these loans is dependent on whether or not the real estate remain in their current use or whether, during the term of the loans, the real estate are refinanced. GCHP has gauged this risk in assessing its reserve against these loans.

The total balance in the loan portfolio as of December 31, 2023 and 2022 was $3,738,559

Community Loans

GCHP has made loans to various Community Based organizations for affordable housing related projects. Loans made under this program were anticipated to be repaid through a combinations of the projects' operating cash flows and the proceeds of the refinancing of the projects' after the completion of the compliance periods.

As of December 31, 2023 GCHP reserved $55,723 and $63,100 respectively for these loans against potential future losses. The total balance in the loan portfolio as of December 31, 2023 and 2022 was $17,009,270 and $20,436,408.

The changes in the allowance for credit losses by loan portfolio segment for the year ended December 31, 2023 is as follows:

	QLICI Loans	Loans with Forgiveness	Community Loans	Total
Balance at December 31, 2022	$ -	$ -	$ -	$ -
Impact of adopting ASC 326	197,395	186,928	1,037,582	1,421,905
Credit loss expense	221,160	-	55,723	276,883
Net charge-offs	-	-	-	-
Balance at December 31, 2023	$ 418,555	$ 186,928	$ 1,093,305	$ 1,698,788

6. Notes Payable

Notes payable are generally non-recourse and secured by the respective properties unless otherwise noted. Corporate debt represents debt owed directly by GCHP or one of its wholly owned subsidiaries and partnership debt represents debt owed by less than 100% owned subsidiaries. Details of debt are as follows as of December 31:

Corporate Debt	2023	2022
Unsecured acquisition / predevelopment / development loans, bearing interest from 0% to 6.5%, with interest-only payments due monthly/semi-annual/quarterly, with the exception of one loan that has a monthly principal and interest amortization, to be repaid in full at maturity at various dates through 2028. Interest expense was $529,616 and $590,575 in 2023 and 2022, respectively.	$ 16,337,703	$ 15,981,940
Secured, recourse lines of credit, totaling $5,376,166 of credit for predevelopment/construction financing with $2,167,469 available on December 31, bearing interest from 8.10% to 8.75% payable monthly, with entire principal to be repaid in full at maturity at various dates through 2025. Interest expense was $270,295 and $149,095 in 2023 and 2022, respectively.	4,708,697	3,739,721
Unsecured initial capitalization loans, bearing interest between 2.5% and 3.95%, with interest only payments due monthly, to be paid in full with maturity dates from June 21, 2027 to March 30, 2037. Interest expense was $75,000 and $80,126 in 2023 and 2022, respectively.	6,200,000	6,200,000
Total corporate debt	$ 27,246,400	$ 25,921,661

Partnership Debt		
Secured, Louisiana and Mississippi state agency loans, bearing interest from 0% to 4.9%, principal and interest payments are payable from property cash flow. To be repaid in full at various dates through 2062. Interest expense was $329,316 and $243,110 in 2023 and 2022, respectively.	82,075,167	64,483,348
Secured, recourse loans, bearing interest from 0.01% to 3.99% payable monthly. Principal to be repaid in full at maturity or convertible to permanent financing with maturities from 2044 to 2061. Capitalized interest was $933,592 and $0 and interest expense was $435,671 and $45,039 in 2023 and 2022, respectively.	36,750,000	22,326,557
Secured, recourse acquisition and construction loans, bearing interest at fixed and variable rates from 1.00% to 7.50% payable monthly, with principal to be repaid in full at maturity or convertible to permanent financing with maturities in 2023. Capitalized interest was $883,661 and $129,530 and interest expense was $1,128,104 and $371,825 in 2023 and 2022, respectively.	25,310,595	28,759,114

6. Notes Payable (Continued)

Partnership Debt (continued)	2023	2022
Secured, Louisiana state agency loans, bearing 0% interest, forgiven during the compliance period or forgivable or assignable at the end of the compliance period ranging from 5 to 20 years, beginning upon issuance of the conversion certificate or meeting occupancy requirements for the property. In the event of non-compliance, maturity dates range from 2026 to 2047.	$ 4,549,781	$ 6,872,595
Permanent, secured conventional loans, bearing interest from 0% to 9.00%, generally with principal and interest due monthly, to be repaid in full at various dates through 2060. Capitalized interest was $89,717 and $0 and interest expense was $1,989,830 and $1,004,292 in 2023 and 2022, respectively.	39,076,912	53,843,057
Secured, non-recourse, partner loans from pass through rehabilitation financing, bearing interest from 0% to 4.35%, with interest and principal payable from property cash flow. To be repaid in full at maturity. Interest expense was $16,729 and $45,094 in 2023 and 2022, respectively.	25,871,546	11,516,116
Unsecured non-recourse loans, bearing interest from 1% to 8.5%. To be repaid in full at September 27, 2065. Interest expense was $43,038 and $43,038 in 2023 and 2022, respectively.	2,073,827	2,073,827
Total partnership debt	215,707,828	189,874,614
Total notes payable	242,954,228	215,796,274
Less unamortized debt issuance costs	(3,982,565)	(2,844,592)
Total notes payable, net	$ 238,971,663	$ 212,951,682

Scheduled maturities for notes payable for the next five years and thereafter are:

2024	$ 14,049,664
2025	24,871,445
2026	3,899,869
2027	1,421,508
2028	576,280
Thereafter	198,135,462
	$ 242,954,228

Loans based on cash flow are loans whereby interest is paid out of surplus cash or available cash flow with payments occurring at various dates through the year ended December 31, 2062. Forgivable loans are forgivable over time or on the achievement of certain milestones specified by the loan agreements.

Certain notes payable are subject to financial covenants as defined in the specific note payable agreements.

7. New Markets Tax Credits

On June 30, 2022, GCHP NMTC-2019#2, LLC a subsidiary of GCHP, Inc., entered into an operating agreement with The Pearl Investment Fund, LLC. NMTC-2019#2, LLC, was organized as a subsidiary for the purpose of receiving sub-allocations of New Markets Tax Credits ("NMTC") from GCHP, Inc., an Allocatee under the NMTC Program. Pursuant to the Operating Agreement, the Pearl Investment Fund, LLC is required to provide capital contributions to GCHP, NMTC-2019#2, totaling $4,500,000 for a 99.99% membership interest. As of December 31, 2023, The Pearl Investment Fund, LLC, capital contribution totaled $5,000,000. Of this contribution, $5,000,000 has been designated as a qualified equity investment ("QEI") under the NMTC program.

On April 8, 2023, GCHP NMTC-2019#2, LLC entered into two separate loan agreements with The Pearl Clinic, LLC, a Qualified Active Low Income Community Business ("QALICB") under the NMTC program, in the amount of $4,850,000. The Pearl Clinic, LLC is to pay this balance at an interest rate of 1.09% with a maturity date of April 8, 2057.

On March 9, 2023, GCHP NMTC-2019#5, LLC a subsidiary of GCHP, Inc., entered into an operating agreement with Twain Investment Fund 653, LLC. NMTC-2019#5, LLC, was organized as a subsidiary for the purpose of receiving sub-allocations of New Markets Tax Credits ("NMTC") from GCHP, Inc., an Allocatee under the NMTC Program. Pursuant to the Operating Agreement, Twain Investment Fund 653, LLC is required to provide capital contributions to GCHP, NMTC-2019#5, totaling $4,750,000 for a 99.99% membership interest. As of December 31, 2023, Twain Investment Fund 653, LLC, capital contribution totaled $4,750,000. Of this contribution, $4,750,000 has been designated as a qualified equity investment ("QEI") under the NMTC program.

On March 9, 2023, GCHP NMTC-2019#5, LLC entered into two separate loan agreements with Dewberry QALICB, LLC, a Qualified Active Low Income Community Business ("QALICB") under the NMTC program, in the amount of $4,607,500. Dewberry QALICB, LLC is to pay this balance at an interest rate of 1.15% with a maturity date of September 8, 2029.

On May 4, 2023, GCHP NMTC-2019#4, LLC a subsidiary of GCHP, Inc., entered into an operating agreement with OU Huntsville Investment Fund, LLC. NMTC-2019#4, LLC, was organized as a subsidiary for the purpose of receiving sub-allocations of New Markets Tax Credits ("NMTC") from GCHP, Inc., an Allocatee under the NMTC Program. Pursuant to the Operating Agreement, Twain Investment Fund 653, LLC is required to provide capital contributions to GCHP, NMTC-2019#4, totaling $4,750,000 for a 99.99% membership interest. As of December 31, 2023, OU Huntsville Investment Fund, LLC, capital contribution totaled $4,750,000. Of this contribution, $4,740,000 has been designated as a qualified equity investment ("QEI") under the NMTC program.

On May 4, 2023, GCHP NMTC-2019#4, LLC entered into two separate loan agreements with Oakwood University Community QALICB, a Qualified Active Low Income Community Business ("QALICB") under the NMTC program, in the amount of $4,607,500. Oakwood University Community QALICB is to pay this balance at an interest rate of 1.07% with a maturity date of May 4, 2057.

8. Commitments and Contingencies

Loan Guarantees

GCHP is contingently liable for a CDBG loan between RCF and State of Louisiana, Office of Community Development. The loan, dated November 27, 2013, was for $1,000,000 of which $783,629 and $817,162 was outstanding at December 31, 2023 and 2022, respectively. The note has an interest rate of 1% per annum. The loan converted to an amortizing note in 2019 and the remaining interest and principal is payable monthly, due November 27, 2043.

GCHP is contingently liable for multiple loans between RCF and lenders on the 2700 Bohn project.

The notes are dated December 5, 2017, with total principal of $14,215,000. They bear interest rates from 5.75% to 6.09% and are being repaid from 2019 to 2024. The loans had outstanding balances of $7,315,083 and $7,465,015 at December 31, 2023 and 2022, respectively.

GCHP is contingently liable for multiple loans between Odyssey House Investment Fund, LLC and RCF. The notes are dated December 5, 2017 with total principal of $10,845,743. They bear interest rates from 1.60% to 6.09% and mature from 2024 to 2038. The loans had outstanding balances totaling $9,858,384 at December 31, 2023 and 2022.

GCHP is contingently liable for a construction loan between Country Club Estates, LP and lenders on the Country Club Estates project. The note is dated April 30, 2019, with total principal of $3,562,766. It bears an interest rate of LIBOR plus applicable margin and matured on April 30, 2023.

Tax Credits

GCHP has entered into various guarantee agreements related to particular transactions that include completion, operating deficits, and tax credit guarantees. These agreements guarantee the completion, compliance, and ongoing operations of properties. GCHP could be required to fund all or a portion of any deficits or tax credit adjustments that may arise from these guarantees. In the opinion of management, GCHP does not anticipate any significant funding requirements as a result of these guarantee agreements.

9. Related Party Transactions

Enterprise Community Partners, Inc.

During the years ended December 31, 2023 and 2022, Enterprise Community Partners, Inc. (ECP) awarded GCHP with operating grants. GCHP recorded a total of $220,000 and $45,000 on the consolidated statements of activities as grant income for the years ended December 31, 2023 and 2022, respectively. A Vice President of ECP is a board member and related party of GCHP.

The Housing Partnership Network, Inc.

On November 13, 2018, and September 28, 2023, GCHP entered into separate promissory notes with the Housing Partnership Network, Inc. (HPN). The retired President of HPN is a board member

9. Related Party Transactions *(Continued)*

and related party of GCHP. The notes have an interest rate of 4.5%. The total outstanding balance on the notes was $3,500,000 as of December 31, 2023 and 2022, respectively. Interest payments are paid until maturity.

Capital Area Alliance for the Homeless

GCHP-Scott, LLC has a loan with the Capital Area Alliance for the Homeless (CAAH). CAAH is a partner in a GCHP consolidated entity. At December 31, 2023 and 2022, the outstanding balance on the loan was $384,000 and the interest rate was 4.35%. Interest payments are received until maturity.

NBC USA Housing

As disclosed in Note 5, GCHP has loaned funds to NBC USA Housing and its affiliate, McCaleb Supporting Housing, with principal balances of $475,000 as of December 31, 2023 and 2022. The Chairman of the Board of NBC USA Housing is a board member and related party of GCHP.

Regional Community Finance

The President and related party of GCHP is also on the Board of RCF. GCHP or its affiliates entered into notes payable agreements with RCF and its subsidiaries. The notes payable had an outstanding balance of $2,991,529 and $5,659,113 at December 31, 2023 and 2022. The notes bear interest rates from 0.00% to 5.00%.

10. Noncontrolling Interest

The following table reconciles the changes in net assets attributable to GCHP and the noncontrolling interests in less than 100% owned consolidated subsidiaries:

	Total	Controlling Interest	Noncontrolling Interest
Balance at January 1, 2022	$ 158,961,934	$ 75,011,242	$ 83,950,692
Change in net assets	507,233	9,190,186	(8,682,953)
Contributions to subsidiaries by noncontrolling shareholders	43,117,558	-	43,117,558
Change in consolidated net assets	43,624,791	9,190,186	34,434,605
Balance at December 31, 2022	202,586,725	84,201,428	118,385,297
Change in net assets	(13,893,168)	19,111	(13,912,279)
Change in accounting principal	(1,421,905)	(1,421,905)	-
Transfer of interest from noncontrolling member to controlling member	-	998,937	(998,937)
Contributions to subsidiaries by noncontrolling shareholders	47,881,711	-	47,881,711
Change in consolidated net assets	32,566,638	(403,857)	32,970,495
Balance at December 31, 2023	**$ 235,153,363**	**$ 83,797,571**	**$ 151,355,792**

10. Noncontrolling Interest *(Continued)*

Capital contributions to and distributions from consolidated subsidiaries by noncontrolling interests for the years ended December 31, 2023 and 2022 are as follows:

Subsidiaries	2023	2022
Beau Sejour Apartments, L.P.	$ (675)	$ (3,313)
1626 OCH, LLC	(16,722)	-
GCHP-Lotus Village	6,692,029	55,000
GCHP-NMTC-2019#1	(31,148)	(31,148)
GCHP-NMTC-2019#2	(27,820)	479,676
GCHP-NMTC-2019#3	(50,066)	(50,066)
GCHP-NMTC-2019#4	(25,493)	4,733,217
GCHP-NMTC-2019#5	(28,587)	4,733,919
GCHP-NMTC-2020 Number 1	4,997,929	-
GCHP-NMTC-2020 Number 2	(79,018)	9,000,000
GCHP-NMTC-2020 Number 3	4,972,983	-
GCHP-Country Ridge	3,712,200	1,356,400
GCHP-Country Ridge North	1,494,800	1,121,100
McKee City Living	8,039,082	3,189,718
Cypress Gardens	4,698,093	782,937
McDonogh 16	(3,218)	8,550,507
Elysian II	346,787	877,077
North Park	2,600,135	1,279,995
Lafourche	229,650	1,738,400
Virginia Meadows	3,406,085	2,057,538
Pearl Street Southwest	2,431,764	3,078,671
Richland Gardens	1,348,722	-
1300-OCH	5,000	-
Clinton Heights	1,449,546	-
Government Corridor	1,845,362	-
1854N Street	(125,709)	-
Other	-	167,931
Net contributions to subsidiaries	$ 47,881,711	$ 43,117,558

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows as of December 31:

	2023	2022
Time and purpose restricted	$ 1,750,000	$ 750,000
Time restricted	15,822,859	14,838,353
Total net assets with donor restrictions	$ 17,572,859	$ 15,588,353

12. Grant Programs

GCHP participates in a number of federal and state programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that GCHP has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2023, might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits in prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and GCHP.

13. Restatement

During the year ended December 31, 2023, management of GCHP identified an error in the 2022 consolidated financial statements related to the accounting for the acquisition of McDonogh 16, LLC. The error related to the improper application of acquisition accounting as management determined that the McDonogh 16, LLC acquisition should have been accounted for as an asset acquisition instead of a business combination. The correction of this error resulted in the following adjustments to the 2022 consolidated financial statements:

Line Item	As originally presented	Adjustment	As restated
Property and equipment, net	$325,071,805	$9,335,054	$334,406,859
Other assets	3,945,115	(814,028)	3,131,087
Long-term debt, net of issuance costs	212,961,512	(9,830)	212,951,682
GCHP - controlling interest	68,229,102	383,973	68,613,075
Noncontrolling interest in subsidiaries	110,238,414	8,146,883	118,385,297
Total program services	28,891,000	19,005	28,910,005
Depreciation and amortization	7,188,191	22,203	7,210,394
Cash flows from operating activities	11,254,270	(1,420,437)	9,833,833
Cash used in investing activities	(96,148,116)	(4,213,487)	(102,361,603)
Cash flows from financing activities	80,853,873	7,633,923	88,487,796

14. Subsequent Events

On February 12, 2024 GCHP closed a transaction related to the financing for the development, construction, and rehabilitation of affordable housing in Jackson, Miss., called "Midtown-Jackson". This transaction, supported by Low Income Housing Tax Credits will develop 27 units of affordable housing. The syndicator for this transaction is Regions Bank, and additional financing is provided by GCHP, Trustmark National Bank, Mississippi Home Corporation, the City of Jackson, the Federal Home Loan Bank of Atlanta, and the Federal Home Loan Bank of Dallas. The development budget is $12,185,479.

On February 29, 2024 GCHP closed a transaction related to the financing for the development, construction, and rehabilitation of affordable housing in Hammond, LA, called "Phoenix Square Two" and Phoenix Square 3". These transactions, supported by Low Income Housing Tax Credits will develop 46 units of affordable housing. The syndicator for this transaction is R4, and additional financing is provided by GCHP, NeighborWorks Capital, and the Federal Home Loan Bank of Dallas. The development budget is $19,188,715.

On March 12, 2024 GCHP closed a transaction related to the financing for the development, construction, and rehabilitation of affordable housing in Baldwyn, Miss., called "The Meadows". This transaction, supported by Low Income Housing Tax Credits will develop 24 units of affordable housing. The syndicator for this transaction is NEF, and additional financing is provided by GCHP, Churchill Mortgage, the USDA, and the Federal Home Loan Bank of Atlanta. The development budget is $7,018,067.

Gulf Coast Housing Partnership, LLC, a wholly owned subsidiary of GCHP, is the developer of these projects.

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 4, 2024, and determined that no other events occurred that require disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Chief Executive Officer Name: Kathy Laborde

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

Gulf Coast Housing Partnership, Inc. does not meet the requirement to report the total compensation, reimbursements, and benefits paid to the Chief Executive Officer as these costs are not supported by public funds.

See accompanying independent auditor's report.

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

To the Board of Directors
of Gulf Coast Housing Partnership, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Gulf Coast Housing Partnership, Inc. (GCHP) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control documented in the accompanying findings and responses as item 2023-01 that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 4, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. Type of independent auditors' report	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified	Yes
b. Significant deficiencies not considered to be material weaknesses	No
c. Noncompliance material to the financial statements noted	No
3. Management letter	No

SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS

2023-01 Material Weakness: Internal Control over Financial Reporting

Criteria: Accounting principles generally accepted in the United States (GAAP) require determining whether an acquisition should be accounted for as a business combination or an asset acquisition.

Condition: GCHP incorrectly applied business combination accounting to an asset acquisition in the 2022 consolidated financial statements.

Cause: GCHP did not follow its policies, procedures and past practices for acquisitions related to the assumption of general partnership interests in low-income housing tax credit financed entities.

Effect: The 2022 financial statements understated property and equipment and net assets and overstated other assets. The overall effect on the financial statements resulted in an understatement of assets and net assets of approximately $8.5 million.

Auditors' Recommendation: The Organization should follow its policies and procedures for acquisitions.

Planned Corrective Action: Management will clarify its internal controls over acquisitions to ensure that the proper classification is made between businesses and assets for the purposes of applying ASC 805.

Anticipated Completion Date: June 30, 2024

Responsible Party: Richard Campbell, Chief Financial Officer

SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended December 31, 2023.

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Not applicable.

SECTION II – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.

Gulf Coast Housing Partnership, Inc.

Single Audit Report

December 31, 2023

REPORT

UNIFORM GUIDANCE COMPLIANCE AND *GOVERNMENT AUDITING STANDARDS* REPORTS

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

To the Board of Directors
of Gulf Coast Housing Partnership, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Gulf Coast Housing Partnership, Inc. (GCHP) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GCHP's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-002.

GCHP's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on GCHP's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. GCHP response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 GCHP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GCHP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 4, 2024, except as related to Finding 2023-002 on the Schedule of Findings and Questioned Costs, September 19, 2024

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

To the Board of Directors of
Gulf Coast Housing Partnership, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gulf Coast Housing Partnership, Inc.'s (the Organization) 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 the Organization's major federal programs for the year ended December 31, 2023. The Organization's 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, the Organization 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, 2023.

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 the Organization 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 the Organization's compliance with the compliance requirements referred to above.

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 the Organization's 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 the Organization's 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 the Organization's 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's 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 the Organization's 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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Gulf Coast Housing Partnership, Inc. as of and for the year ended December 31, 2023, and have issued our report thereon dated June 4, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
September 19, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Gulf Coast Housing Partnership, Inc.
Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Amounts Passed through to Subrecipients	Federal Expenditures in 2023
U.S. Department of the Treasury				
Pass-through program from:				
Community Development Financial Institutions Fund				
Capital Magnet Fund	21.011	231CM062531	$ -	$ 375,000
Pass-through program from:				
Hinds County				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	WDDNGMQSKDR5	-	80,822
Total U.S. Department of the Treasury			$ -	$ 455,822
U.S. Department of Health and Human Services				
Direct Programs				
Community Service Block Grant Discretionary Awards	93.570	90EE1325-01-00	$ -	$ 800,000
Total U.S. Department of Health and Human Services			$ -	$ 800,000
U.S. Department of Housing and Urban Development				
Pass-through program from:				
Louisiana Housing Corporation				
Community Development Block Grants/State's Grants and Non-entitlement Grants in Hawaii	14.228	TDHCA 19296, PB19-08, PB19-09, LFPB-01	$ -	$ 7,514,167
Pass-through program from:				
Louisiana Office of Community Development				
Community Development Block Grants/State's Grants and Non-entitlement Grants in Hawaii	14.228	Unknown	-	6,109,033
Pass-through program from:				
Covenant Neighborhoods, Inc.				
Community Development Block Grants/State's Grants and Non-entitlement Grants in Hawaii	14.228	Unknown	-	1,450,000
Total Community Development Block Grants/State's Grants and Non-entitlement Grants in Hawaii	14.228		-	15,073,200
Total U.S. Department of Housing and Urban Development			$ -	$ 15,073,200
Congressional Appropriations				
Pass-through program from:				
NeighborWorks America				
Congressional Appropriations	99.U01	117-328	$ -	$ 615,750
Total Congressional Appropriations			$ -	$ 615,750
		Total Federal Award Expenditures	$ -	$ 16,944,772

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of Gulf Coast Housing Partnership, Inc. (the Organization). 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). The Organization reporting entity is defined in Note 1 to the consolidated financial statements for the year ended December 31, 2023. All federal awards received directly from federal agencies are included on the Schedule, as well as federal awards passed-through other entities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – This schedule includes the activity of Gulf Coast Housing Partnership, Inc. (the Organization) and is presented on the accrual basis of accounting. 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).

Note 3: INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate.

Note 4: LOANS

The Organization did not expend federal awards related to loans or loan guarantees during the year. The Organization expended $15,073,200 of state agency loans related to federal awards during the year.

Note 5: FEDERALLY FUNDED INSURANCE

The Organization has no federally funded insurance.

Note 6: NONCASH ASSISTANCE

The Organization did not receive any federal noncash assistance for the fiscal year ended December 31, 2023.

Note 7: RECONCILIATION OF FEDERAL EXPENDITURES

Federal award expenditures are reported as follows:

December 31, 2023:	
Draws on notes payable due to state agencies	$ 15,073,200
Federal grants	1,871,572
Total federal expenditures	$ 16,944,772

Total federal award expenditures of $1,871,572 are within the federal grant revenue reflected in the consolidated statement of activities.

Funding received under the Community Development Block Grant Program is passed through several State agencies, and thus is considered a grant award. Amounts presented on the Schedule represent draw downs on loans provided by the passthrough entity. Since the funding under this program is not a direct loan from the federal awarding agency, the awards are not presented as loans on the accompanying Schedule of Federal Expenditures.

Note 8: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(es) identified?	None noted
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(es) identified?	None noted
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	No

Identification of major federal programs:

Assistance Listing Number	Federal Program or Cluster
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between type A and B programs was $750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?	Yes

Section II: CONSOLIDATED FINANCIAL STATEMENT FINDINGS

Finding 2023-002 Noncompliance – LATE FILING FINDING

Criteria: Per Louisiana Revised Statute 24:513, the Organization is required to complete and submit an audit to the Louisiana Legislative Auditor "within six months of the close of the local auditee's or vendor's fiscal year."

Condition: The Organization did not complete and submit the audit to the Louisiana Legislative Auditor within the required time period.

Cause: The Organization engaged with new auditors for the current audit period.

Effect: Federal, state, or local awards could be withheld if the required report is not submitted timely.

Recommendation: We recommend that the Organization implement controls and processes to ensure all required reports are submitted timely.

Management Response: See corrective action plan on page 12.

Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

Section IV: SUMMARY OF PRIOR AUDIT FINDINGS

None noted.

Gulf Coast Housing Partnership

September 19, 2024

Carr, Riggs & Ingram, LLC
3850 North Causeway Boulevard
Suite 1400, Two Lakeway Center
Metairie, LA 70002

RE: Management's Response to Consolidated Financial Statement Findings

CORRECTIVE ACTION PLAN

Finding 2023-002 Noncompliance – LATE FILING FINDING
Planned Corrective Action: Management will implement controls and processes to ensure that the audit is submitted within the required time period.
Anticipated Completion Date: June 30, 2025
Responsible Party: Richard Campbell, CFO

Richard Campbell
Chief Financial Officer

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Gulf Coast Housing Partnership, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

December 31, 2023

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
3850 North Causeway Boulevard
Suite 1400
Two Lakeway Center
Metairie, LA 70002

504.837.9116
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023**

To the Board of Directors of
Gulf Coast Housing Partnership, Inc.
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's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Gulf Coast Housing Partnership, Inc.'s (GCHP) management is responsible for those C/C areas identified in the SAUPs.

GCHP 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, 2023 through December 31, 2023. 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 whether 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: Exception noted. The entity's Budgeting Policy does not contain sections on monitoring and amending.

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*:* Exception noted. The entity's Purchasing Policy does not address how vendors are added to the vendor list.

c) ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions were noted as a result of applying the above procedure.

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 the above procedure.

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 rates of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were noted as a result of applying the above procedure.

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 the above procedure.

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

Results: Exception noted. The entity's Travel and Expense Reimbursement Policy does not set dollar thresholds by category of expense.

h) ***Credit Cards (and debit cards, fuel cards, purchase 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: Exception noted. The entity's Credit Card Policy does not address required approvers of statements or monitoring card usage.

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: Not applicable as the entity is a non-profit entity.

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

Results: Not applicable as the entity is a non-profit entity.

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 the procedure.

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

Results: Not applicable as the entity is a non-profit entity.

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 the procedure.

   b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on proprietary funds, and semi-annual budget- to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were noted as a result of applying the procedure.

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: Not applicable as the entity is a non-profit entity.

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: No exceptions were noted as a result of applying the procedure.

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 4 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);

Results: No exceptions were noted as a result of applying the above procedure.

b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Results: Exception noted. Each of the 5 bank reconciliations selected had no reviewer's initials, dates or electronic log.

c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Exception noted. Of the 5 bank reconciliations selected, 1 bank reconciliation did not have documentation reflecting the research of reconciling items that have been outstanding for more than 12 months from the statement closing date.

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 the above procedure.

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 there are no written policies or procedures, then 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.

      Results: No exceptions were noted as a result of applying the above procedure.

   b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      Results: No exceptions were noted as a result of applying the above procedure.

   c) Each employee responsible for collecting cash is not also 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.

      Results: No exceptions were noted as a result of applying the above procedure.

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

      Results: No exceptions were noted as a result of applying the above procedure.

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 the above 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). *Alternatively, 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 the above procedure.

   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 the above procedure.

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

      Results: No exceptions were noted as a result of applying the above procedure.

   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 the above procedure.

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

      Results: No exceptions were noted as a result of applying the above procedure.

Non-Payroll Disbursements (excluding card purchases, 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 the above procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: Exception noted. The employee responsible for processing payments is not prohibited from adding/modifying vendor files and there is not another employee who 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.

Results: Exception noted. The check signer does not mail payment nor gives payment to someone who is not responsible for processing payment.

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 found as a result of applying the procedure.

10. For each location selected under procedure #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 whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

Results: No exceptions were noted as a result of applying the above procedure.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable.

Results: No exceptions were noted as a result of applying the above procedure.

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 (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. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No exceptions were noted as a result of applying the above procedure.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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 the above procedure.

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 whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).

       Results: Exception noted. For the 5 credit cards selected, the monthly statement provided did not contain evidence of review 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 the above procedure.

14. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, 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: Exceptions noted:

- For 2 of the 37 selected transactions, an original itemized receipt was not provided.
- For 25 of the 37 selected transactions, written documentation of the business/public purpose was not provided
- For 2 of the 2 selected meal transactions, the documentation did not list individuals who were participating in meals.

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 and 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:

    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: No exceptions were noted as a result of applying the above procedure.

    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 the above procedure.

    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 Policies and Procedures #1g

    Results: No exceptions were noted as a result of applying the above procedure.

    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 the above procedure.

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. *Alternatively–, 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, <u>excluding the practitioner's contract</u>, 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: No exceptions were noted as a result of applying the procedure.

    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: No exceptions were noted as a result of applying the procedure.

    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, the documented approval); and

       Results: No exceptions were found as a result of applying the procedure.

    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: No exceptions were noted as a result of applying the procedure.

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 the above procedure.

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).

Results: No exceptions were noted as a result of applying the above procedure.

b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were noted as a result of applying the above procedure.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were noted as a result of applying the above procedure.

d) Observe 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 the above procedure.

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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

    Results: No exceptions were noted as a result of applying the above procedure.

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 the above procedure.

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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

    Results: Not applicable; entity is a non-profit.

b) Observe whether 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: Not applicable; entity is a non-profit.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

    Results: Not applicable; entity is a non-profit.

Debt Service

23. 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 as required by Article VII, Section 8 of the Louisiana Constitution.

    Results: Not applicable; entity is a non-profit.

24. 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: Not applicable; entity is a non-profit.

Fraud Notice

25. 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 as required by R.S. 24:523.

    Results: No exceptions were found as a result of applying the above procedure.

26. 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: Exception noted. The fraud notice was not posted on the entity's website.

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed 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 (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

       Results: We performed the procedure and discussed the results with management.

    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.

       Results: We performed the procedure and discussed the results with management.

    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 procedure and discussed the results with management.

28. 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: We performed the procedure and discussed the results with management.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #19, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

    a. Hired before June 9, 2020 - completed the training; and

    b. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

    Results: Not applicable; the entity does not have public funding that involves IT assets.

Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe 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: Not applicable; entity is a non-profit entity

31. Observe 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: Not applicable; entity is a non-profit entity

32. 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 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;

       Results: Not applicable.

    b) Number of sexual harassment complaints received by the agency;

       Results: Not applicable.

    c) Number of complaints which resulted in a finding that sexual harassment occurred;

       Results: Not applicable.

    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

       Results: Not applicable.

    e) Amount of time it took to resolve each complaint.

       Results: Not applicable.

We were engaged by GCHP 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 GCHP and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

Carr, Riggs & Ingram, L.L.C.

September 19, 2024