THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The St. Bernard Project, Inc.
d/b/a SBP, Inc.
New Orleans, Louisiana

Opinion

We have audited the consolidated financial statements of The St. Bernard Project, Inc. d/b/a SBP, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SBP, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SBP, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 SBP, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of SBP, Inc.'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 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 SBP, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana
June 29, 2023

Wegmann Dazet

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,343,131	$ 11,425,669
Investments - current	5,127,161	3,637,596
Accounts receivable	2,237,890	3,319,038
Grants receivable - other	704,210	1,456,656
Grants receivable - federal	5,605,474	2,291,095
Construction in process	5,206,531	2,489,264
Real estate held for sale	70,680	70,680
Due from related party	16,612	22,847
Other current assets	434,047	274,417
Total current assets	27,745,736	24,987,262
Investments - noncurrent	3,684,670	3,987,296
Property and equipment, at cost less accumulated depreciation	6,461,181	6,614,542
Operating lease - right of use assets	133,066	-
Notes receivable - promissory notes	1,545	49,819
Notes receivable	-	4,823,500
Other noncurrent assets	1,555,735	1,100,000
Deposits	6,100	6,100
Total assets	$ 39,588,033	$ 41,568,519
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 1,380,856	$ 722,064
Accrued payroll and related liabilities	757,828	465,701
Grant advance	1,064,966	800,000
Due to related party	221,762	221,762
Current portion of long-term debt	126,000	3,026,000
Current portion of operating lease obligations	107,170	-
Total current liabilities	3,658,582	5,235,527
Long-term debt, less current portion and unamortized issuance costs	3,053,956	4,815,389
Operating lease obligations, less current portion	27,320	-
Other long-term liabilities	-	22,000
Total liabilities	6,739,858	10,072,916
NET ASSETS		
Without donor restrictions	28,312,033	25,494,895
With donor purpose restrictions	4,536,142	6,000,708
Total net assets	32,848,175	31,495,603
Total liabilities and net assets	$ 39,588,033	$ 41,568,519

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 4,282,460	$ 1,633,635	$ 5,916,095
Grants	17,140,856	12,940,752	30,081,608
Property management fees	107,297	-	107,297
Homeowner funding	142,043	106,521	248,564
Sale of properties	423,000	-	423,000
Opportunity housing income	102,326	-	102,326
Vendor incentives	92,421	-	92,421
Interest and dividend income	317,640	-	317,640
Realized and unrealized loss on investments	(586,375)	-	(586,375)
Gain on extinguishment of debt	1,540,998	-	1,540,998
Other income	508,815	-	508,815
Net assets released from restrictions	16,145,474	(16,145,474)	-
Total revenues	40,216,955	(1,464,566)	38,752,389
Expenses			
Program services			
Rebuilding	30,220,468	-	30,220,468
Opportunity housing	1,339,991	-	1,339,991
Disaster resilience and recovery lab	2,168,642	-	2,168,642
Supporting services			
General and administrative	2,787,716	-	2,787,716
Fundraising	883,000	-	883,000
Total expenses	37,399,817	-	37,399,817
Change in net assets	2,817,138	(1,464,566)	1,352,572
Net assets			
Beginning of year	25,494,895	6,000,708	31,495,603
End of year	$ 28,312,033	$ 4,536,142	$ 32,848,175

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 4,144,383	$ 3,511,338	$ 7,655,721
Grants	10,895,769	15,256,681	26,152,450
Property management fees	103,596	-	103,596
Homeowner funding	69,434	364,917	434,351
Sale of properties	550,400	-	550,400
Opportunity housing income	103,970	-	103,970
Vendor incentives	86,414	-	86,414
Interest and dividend income	253,897	-	253,897
Realized and unrealized loss on investments	(92,403)	-	(92,403)
Gain on sale of assets	187,730	-	187,730
Developers fees	360,000	-	360,000
PPP loan forgiveness	1,764,200	-	1,764,200
Other income	276,845	5,070	281,915
Net assets released from restrictions	18,785,651	(18,785,651)	-
Total revenues	37,489,886	352,355	37,842,241
Expenses			
Program services			
Rebuilding	25,080,579	-	25,080,579
Opportunity housing	1,271,963	-	1,271,963
Disaster resilience and recovery lab	2,136,837	-	2,136,837
Supporting services			
General and administrative	3,894,722	-	3,894,722
Fundraising	465,687	-	465,687
Total expenses	32,849,788	-	32,849,788
Change in net assets	4,640,098	352,355	4,992,453
Net assets			
Beginning of year	20,854,797	5,648,353	26,503,150
End of year	$ 25,494,895	$ 6,000,708	$ 31,495,603

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services			Supporting Services		
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	Total Expenses
Advertising	$ 18,164	$ -	$ 1,159	$ -	$ 11,296	$ 30,619
Bad debt writeoff	213,000	4,623	-	-	-	217,623
Building maintenance and repairs	40,426	127	-	2	27,339	67,894
Construction	17,904,229	2,707,452	6,830	214	4,074	20,622,799
Construction WIP	(455,374)	(2,707,452)	-	-	-	(3,162,826)
Contract services	966,510	364,589	220,382	22,653	233,664	1,807,798
Cost of property sold	-	423,559	-	-	-	423,559
Depreciation expense	37,486	30,434	-	-	130,012	197,932
Disaster deployment	61	-	-	-	-	61
Dues and subscriptions	27,685	1,396	3,152	1,636	3,099	36,968
Education and seminars	5,134	-	4,749	397	4,747	15,027
Forgivable promissory note	-	48,274	-	-	-	48,274
Fundraising expenses	107,239	5,408	12,207	6,338	12,003	143,195
Grants and awards expenses	2,773,747	-	-	1,036	-	2,774,783
Information tech	49,164	1,966	20,906	2,984	26,078	101,098
In-kind labor	1,312,263	39,600	-	-	-	1,351,863
Insurance	915,584	122,434	33,708	18,692	177,232	1,267,650
Interest expense	30,689	-	12,668	5,293	114,178	162,828
Miscellaneous expenses	87,684	12,455	24,411	5,980	-	130,530
Office rent	213,155	14,998	22,385	8,400	13,423	272,361
Office supplies	36,437	1,891	1,592	958	3,173	44,051
Payroll - direct	5,072,652	245,103	1,458,049	718,688	1,821,325	9,315,817
Postage and mailing service	12,438	113	12,674	9,562	1,196	35,983
Printing	25,665	322	25,432	12,968	1,312	65,699
Professional services	60,664	-	-	-	45,108	105,772
Signature support	23,175	21	735	308	2,753	26,992
Software licenses and fees	238,235	2,534	96,664	55,964	37,685	431,082
Special events	13,546	174	6,086	733	5,176	25,715
Travel and meetings	403,111	8,623	201,893	10,151	89,722	713,500
Utilities	53,681	11,347	-	43	22,818	87,889
Vehicle expenses	34,018	-	2,960	-	303	37,281
Total expenses	$ 30,220,468	$ 1,339,991	$ 2,168,642	$ 883,000	$ 2,787,716	$ 37,399,817

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services			Supporting Services		
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	Total Expenses
Advertising	$ 27,662	$ 594	$ 7,069	$ 1,040	$ 268	$ 36,633
Bad debt writeoff	166,931	1,795	-	1,533	2,122,500	2,292,759
Building maintenance and repairs	22,852	325	-	10	6,810	29,997
Construction	13,662,938	2,300,747	13,387	101	112	15,977,285
Construction WIP	(225,660)	(2,168,288)	-	-	-	(2,393,948)
Contract services	859,574	141,007	212,351	-	231,542	1,444,474
Cost of property sold	-	654,538	-	-	-	654,538
Depreciation expense	62,557	30,434	-	-	130,012	223,003
Dues and subscriptions	3,123	49	1,980	538	11,336	17,026
Education and seminars	-	1,440	4,405	1,995	-	7,840
Fogiveable promissory note	-	35,390	-	-	-	35,390
Fundraising expenses	669	-	22,513	3,272	116	26,570
Grants and awards expenses	2,612,691	-	-	6,173	-	2,618,864
Information tech	41,294	2,351	26,352	2,398	33,530	105,925
In-kind labor	288,569	-	-	-	-	288,569
Insurance	1,456,046	80,814	84,555	21,115	118,776	1,761,306
Interest expense	19,816	685	38,397	6,171	146,254	211,323
Miscellaneouse expenses	52,985	18,606	35,436	5,953	55,161	168,141
Office rent	209,787	15,664	35,258	-	-	260,709
Office supplies	35,902	1,185	2,774	1,142	1,770	42,773
Payroll - direct	5,252,947	148,349	1,286,147	362,590	937,730	7,987,763
Postage and mailing service	15,082	547	964	2,159	3,079	21,831
Printing	18,381	1,773	19,262	6,729	601	46,746
Professional services	-	-	-	-	2,068	2,068
Signature support	2,194	-	583	-	-	2,777
Software licenses and fees	18,789	637	116,196	33,685	43,834	213,141
Special events	4,579	-	8,555	592	4,206	17,932
Travel and meetings	368,160	2,163	217,104	8,440	22,780	618,647
Utilities	56,022	1,158	-	51	21,416	78,647
Vehicle expenses	46,689	-	3,549	-	821	51,059
Total expenses	$ 25,080,579	$ 1,271,963	$ 2,136,837	$ 465,687	$ 3,894,722	$ 32,849,788

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 1,352,572	$ 4,992,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,932	223,003
Amortization of debt issuance costs	23,109	23,109
Forgiveness of note payable - Paycheck Protection Program	-	(1,764,200)
Gain on extinguishment of debt	(1,540,998)	-
Reductions made to notes receivable - promissory notes	48,274	35,390
Gain on disposal of assets	-	(187,730)
Reserve for expected forgiveness of related party note receivable	-	2,122,500
Realized and unrealized loss on investments	586,375	92,403
Non-cash operating lease expense	81,857	-
(Increase) decrease in operating assets:		
Accounts receivable	1,081,148	507,706
Grants receivable	(2,561,933)	(1,515,168)
Other current assets	(159,630)	131,125
Due from related party	6,235	288,121
Deposits	-	49,100
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	658,792	(17,389)
Accrued payroll and related liabilities	292,127	(33,461)
Grant advance	264,966	725,000
Due to related party	-	83,021
Other long-term liabilities	(22,000)	-
Operating lease obligations	(80,433)	-
Net cash provided by operating activities	228,393	5,754,983
Cash flows from investing activities:		
Proceeds from disposal of assets	-	310,255
Construction in process	(2,717,267)	(865,466)
Purchase of property and equipment	(44,571)	(973,875)
Purchase of investments	(6,354,017)	(12,596,936)
Proceeds from sale of investments	4,580,703	10,355,698
Other noncurrent assets	(455,735)	-
Net cash used by investing activities	(4,990,887)	(3,770,324)
Cash flows from financing activities:		
Borrowings under long-term debt	3,179,956	-
Repayments of long-term debt	(1,500,000)	-
Net cash provided by financing activities	1,679,956	-
Net (decrease) increase in cash and cash equivalents	(3,082,538)	1,984,659
Cash and cash equivalents at beginning of year	11,425,669	9,441,010
Cash and cash equivalents at end of year	$ 8,343,131	$ 11,425,669

See accompanying Notes to Consolidated Financial Statements.

1) Nature of activities

The St. Bernard Project, Inc. d/b/a SBP, Inc. (SBP, Inc.) is a non-profit organization established to shrink the time between disaster and recovery. The St. Bernard Project, Inc. is a community based organization that carries out its mission through three primary programs: Rebuilding Programs, Disaster Resilience and Recovery Lab, and an Opportunity Housing Program.

Toulouse Commercial, Inc. is a non-profit organization established on March 27, 2015 to operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of The St. Bernard Project, Inc.

SBP St. Peter Developer, LLC is a Louisiana limited liability company, owned 100% by SBP, Inc. which entered into a developer service agreement on June 1, 2017, with SBP St. Peter, LLC, a non-consolidated Louisiana limited liability company, to provide services related to the 50-unit apartment project located in New Orleans, Louisiana and commonly known as "SBP St. Peter Apartments".

SBP L9 Developer, LLC is a Louisiana limited liability company, owned 100% by SBP, Inc. which entered into a developer service agreement on June 1, 2017, with SBP L9, LLC, a non-consolidated Louisiana limited liability company, to provide services related to the 60-unit, or 30 duplexes, scattered-site project located in New Orleans, Louisiana and commonly known as "St. Claude Gardens".

The accompanying consolidated financial statements present the consolidated statements of financial position, changes in net assets and cash flows of The St. Bernard Project, Inc., Toulouse Commercial, Inc., SBP L9 Developer, LLC and SBP St. Peter Developer, LLC (together referred to as the "Organization"). All significant inter-company accounts and transactions have been eliminated.

2) Summary of significant accounting policies

The significant accounting policies followed by the Organization are summarized as follows:

(a) Financial statement presentation
The Organization's policy is to prepare its consolidated financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Basis of presentation
Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – without donor restrictions and with donor restrictions based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as with donor restrictions when they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions.

(c) Revenue recognition
The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as grant advances until the conditions have been substantially met.

2) Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Revenue from rental agreements with tenants is recognized as earned in accordance with ASC 840, *Leases,* for 2021 and ASC 842, *Leases*, for 2022. There was no change in how rental income was recognized due to adoption of ASC 842. Real estate sales are recognized at the time the sale is complete and title has transferred to the buyer.

(d) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(e) Investments

Investments in equity securities and bonds with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investments with maturity dates greater than one year are classified as long-term.

(f) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of original invoice. The Organization considers grant receivables to be fully collectible and when a balance becomes uncollectible, they are written off.

An allowance for uncollectible accounts has been maintained for estimated losses resulting from the inability of its tenants or donors to make payments. The Organization's estimate for the allowance for doubtful accounts is based on a review of the current accounts receivable. Accounts receivable is presented net of an allowance for doubtful accounts of $160,559 and $-0- as of December 31, 2022 and 2021, respectively.

(g) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	Useful lives
Building	39 years
Real estate held for rental	39 years
Equipment	5 years
Vehicles	5 years

(h) Real estate held for rental

Real estate held for rental is carried at cost plus construction costs and an overhead allocation. The real estate has been acquired to be rehabilitated and rented to qualified homeowners.

2) Summary of significant accounting policies (continued)

(i) Real estate held for sale
Real estate held for sale is carried at cost plus construction costs and an overhead allocation. The real estate has been acquired to be rehabilitated and sold to qualified homeowners.

(j) Construction in process
Construction in process includes houses owned by the Organization that are in the process of being rehabilitated and are carried at cost plus construction costs and an overhead allocation. The property is transferred to real estate held for sale once it is completed and ready to be put on the market for sale.

(k) Income taxes
SBP, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. SBP, Inc.'s determination letter is as of May 30, 2008.

Toulouse Commercial, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Toulouse Commercial, Inc.'s determination letter is as of March 27, 2015.

SBP L9 Developer, LLC and SBP St. Peter Developer, LLC are both disregarded entities for income tax purpose. SBP, Inc. is the sole member of both entities.

The Organization has adopted the provisions of ASC 740, *Income Taxes*. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

(l) Functional expenses
The costs of providing the various programs and activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. Expenses allocated using management's estimate of time include payroll, employee benefits and retirement plan expenses. Expenses allocated using management's estimate of usage include professional services, certain insurance, and depreciation and amortization.

(m) Fundraising
All expenses associated with fundraising events are expensed as incurred.

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

2) Summary of significant accounting policies (continued)

(o) Leases
The Organization leases various buildings. The Organization determines if an arrangement is a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of minimum lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities. To determine the present value of lease payments, the Organization uses the risk-free interest rate. The lease term includes the initial contractual terms as well as any options to extend the lease when it is reasonably certain that the Organization will exercise that option. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Operating lease payments are charged on a straight-line basis to rent expense over the lease term.

(p) Concentrations of credit risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to certain limits. The Organization may at times have amounts in excess of these insured limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

The Organization generally requires a deed of trust to support its notes receivable.

(q) Donated services
The Organization's policy is to recognize donations of in-kind services as revenue at fair value in the period such contributions are made. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received volunteer help to renovate homes destroyed by natural disasters. The estimated value of the contributed services for the years ended December 31, 2022 and 2021 was $1,351,863 and $288,569, respectively.

(r) Donated supplies
Noncash donations are recorded as contributions at their fair value at the date of donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. The estimated value of the donated goods for the years ended December 31, 2022 and 2021 was $644,913 and $794,699, respectively. The donated goods for 2022 and 2021 consisted of building supplies to renovate homes destroyed by natural disasters.

(s) Financing and loan acquisition costs
Certain costs related to the New Market Tax Credit Financing Commitment have been capitalized and are being amortized over the estimated life of the related note payable. Financing and loan acquisition costs totaled $-0- and $808,820 as of December 31, 2022 and 2021, respectively. Accumulated amortization totaled $150,209 as of December 31, 2021. These acquisition costs have been included as part of the debt forgiveness further discussed in Note 12, and accordingly are no longer included on the statement of financial position as of December 31, 2022.

2) Summary of significant accounting policies (continued)

(t) Accounting standards recently adopted

On January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02 *Leases*, requiring the lease rights and obligations arising from existing and new lease agreements to be recognized as assets and liabilities on the consolidated statement of financial position. The Organization adopted the ASU on a modified retrospective basis and elected the transitional provision eliminating the requirement to restate prior periods. The Organization also elected to not reassess the original conclusions reached regarding lease identification, lease classification and initial direct costs for leases entered into prior to the adoption of the ASU. Under the new guidance, lessees are required to recognize right of use assets and lease liabilities on the consolidated statement of financial position for all leases greater than 12 months. Leases are classified as either finance or operating. Upon adoption, the Organization recognized operating lease liability and corresponding right of use asset of $214,923, based on the present value of the remaining rental payments under current lease standards for existing operating leases.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after June 15, 2021. The Organization has adopted this ASU and there was not a material effect on the consolidated financial statements.

(u) Net assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations are not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2) Summary of significant accounting policies (continued)

(v) Impairment of long-lived assets

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate 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. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Organization did not recognize any impairment losses in 2022 or 2021 related to assets held for use or sale.

The Organization evaluates whether events and circumstances have occurred that indicate the operating lease right of use assets have been impaired. Measurement of any impairment is based on estimated fair values. Once a right of use asset is impaired, the carrying amount of the right of use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis. During 2022, the Organization determined that the carrying amount of right of use assets has not exceeded its fair value; accordingly, no impairment losses exist.

(w) Reclassification

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current presentation. Total net assets and net income are unchanged due to these reclassifications.

3) Grants receivable

SBP, Inc. was awarded various grants through federal, state and other agencies. Most of the grants are considered to be exchange transactions. Balances due from the grants at year end are included in grants receivable. Grants receivable of state and other agencies for the years ended December 31, 2022 and 2021 was $704,210 and $1,456,656, respectively. Federal financial assistance included in grants receivable at year end is as follows:

	2022			
	Due from grant at beginning of year	Grant receipts	Grant expenditures	Due from grant at end of year
AmeriCorp National Grant	$ 613,373	$(2,998,444)	$2,750,691	$ 365,620
U.S. Department of HUD				
City of New Orleans ($375k)	375,000	(1,291)	-	373,709
City of New Orleans (Sub Rehab)	418,187	(18,057)	331,813	731,943
New York	181,117	(336,520)	574,146	418,743
County of Richland	667	(667)	-	-
City of Columbia	634,964	(3,565,931)	6,260,728	3,329,761
HUD – VHRMP 2019	57,713	-	124,493	182,206
HUD – VHRMP 2020	10,074	-	121,111	131,185
HUD – OHAMP	-	-	72,307	72,307
Total federal assistance	$2,291,095	$(6,920,910)	$10,235,289	$5,605,474

3) Grants receivable (continued)

	2021			
	Due from grant at beginning of year	Grant receipts	Grant expenditures	Due from grant at end of year
AmeriCorp National Grant	$ 400,036	$(2,902,959)	$3,116,295	$ 613,372
U.S. Department of HUD				
City of New Orleans ($875k)	174,177	(175,997)	1,820	-
City of New Orleans ($375k)	190,415	-	184,585	375,000
City of New Orleans (Sub Rehab)	66,858	-	351,329	418,187
New York	619,176	(931,214)	493,155	181,117
County of Richland	222,804	(222,804)	667	667
City of Columbia	-	(489,679)	1,124,644	634,965
HUD – VHRMP 2019	-	-	57,713	57,713
HUD – VHRMP 2020	-	-	10,074	10,074
City of Baton Rouge	34,221	(34,221)	-	-
Total federal assistance	$1,707,687	$(4,756,874)	$5,340,282	$2,291,095

4) Investments and fair value measurement

Investments are the only assets measured at fair value on a recurring basis. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1—Quoted prices in active markets for identical assets.

Level 2—Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3—Unobservable inputs that reflect management's assumptions and best estimates based on available data.

The Organization uses Level 1 measurements whenever possible, as they result in the most reliable measure of fair value. Investments are measured at fair value in the consolidated statements of financial position. Investment income and gains restricted by donors are reported as increases in net assets free of donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. There were no changes in the valuation techniques during the year.

The Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the valuation techniques. The Organization uses the following ways to determine the fair value of its investments:

Corporate and government bonds: Determined by the closing bid price on the last business day of the fiscal year if actively traded.

U.S. treasury securities and equity securities: Determined on quoted market prices in active markets.

4) Investments and fair value measurement (continued)

Investments consist of the following at December 31, 2022:

		Level 1
Equity securities	$	1,321,517
U.S. treasury securities		494,226
U.S. government bonds		383,734
Corporate bonds		6,612,354
	$	8,811,831

Investments consist of the following at December 31, 2021:

		Level 1
Equity securities	$	533,392
U.S. treasury securities		202,204
U.S. government bonds		537,276
Corporate bonds		6,352,020
	$	7,624,892

A summary of return on investments consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividends	$ 216,803	$ 159,767
Realized and unrealized (loss) income	(586,375)	(92,403)
Total (loss) return	$ (369,572)	$ 67,364

5) Property and equipment

Property and equipment is summarized as follows:

		2022		2021
Land	$	1,080,000	$	1,080,000
Building		4,206,509		4,206,509
Equipment		160,082		115,511
Real estate held for rental		2,142,607		2,142,607
Vehicles		316,196		316,196
Total cost		7,905,394		7,860,823
Less: accumulated depreciation		(1,444,213)		(1,246,281)
Property and equipment, net	$	6,461,181	$	6,614,542

6) Notes receivable - promissory notes

The Organization has various notes receivable totaling $1,545 and $49,819 in connection with the sale of various properties as of December 31, 2022 and 2021, respectively. The promissory notes become due and payable if the borrower fails to occupy the residence for a five or ten year period after initial purchase date, fails to maintain homeowner's and flood insurance during the five or ten years or fails to pay property taxes when they become due during the five or ten year period. There has been no breach of the promissory notes as of December 31, 2022 or 2021.

The Organization will reduce the balance on the notes over the next ten years as outlined in the notes based on compliance with the terms of the agreement. A total of $48,274 and $35,390 was written off in 2022 and 2021, respectively.

7) Notes receivable

As part of a New Markets Tax Credit transaction, SBP, Inc. entered into an agreement on January 16, 2014 to lend FNBC NMTC Hybrid Fund, LLC ("NMTC, LLC"), $2,122,500 in the form of a subordinate loan note. NMTC, LLC then loaned these funds to SPB Real Estate, Inc, which is a related party of the organization as further discussed in Note 17. The note receivable accrues interest at a rate of 1.41% and interest is paid quarterly. Interest earned and received on the loan was approximately $-0- and $22,500 as of December 31, 2022 and 2021, respectively. On October 23, 2020, NMTC, LLC exercised its redemption and assignment option transferring its note receivable due from SBP Real Estate, Inc. over to SBP, Inc. Accordingly, the balance of this note receivable is presented as notes receivable – related party. The outstanding principal as of December 31, 2022 and 2021 was $2,122,500. At December 31, 2022 and 2021, the balance of this note receivable was fully reserved in anticipation that the note receivable will be forgiven.

SBP, Inc. entered into an agreement on June 30, 2015, as part of a New Markets Tax Credit Transaction, to lend Toulouse Investment Fund, LLC, $4,823,000 in the form of a subordinate loan note. The outstanding principal as of December 31, 2022 and 2021 totaled $-0- and $4,823,000, respectively. The note accrued interest at a rate of 2.02% and interest was paid quarterly. Interest earned and received on the loan as of December 31, 2021 was approximately $97,500 per year. On April 28, 2022 the Fund Member exercised its put option to sell the Investment Fund and SBP, Inc. became the sole member of the Investment Fund. See Note 12 for additional disclosures related to the new markets tax credit and the gain on extinguishment.

8) Liquidity and availability

Financial assets available for general expenditure without donor or other restrictions limiting their use within the coming year comprise the following:

Financial assets:	
Cash and cash equivalents	$ 8,343,131
Investments - current	5,127,161
Accounts receivable	2,237,890
Grants receivable - other	704,210
Grants receivable - federal	5,605,474
Less with donor restrictions for a specific purpose	(4,536,142)
Financial assets available for general expenditure	$ 17,481,724

8) Liquidity and availability (continued)

This amount is approximately 51% of the total expenditures for 2022, so the Organization believes it has the ability to conduct its activities at a similar level for the coming year even if revenues decline.

9) Commitments and contingencies

SBP, Inc. provided certain guarantees on its SBP L9 low-income housing tax credit (LIHTC) project, including payment and performance of all obligations of the developer (SBP L9 Developer, LLC) under the development agreement, payment and performance of all obligations of SBP L9 Manager, LLC under the SBP L9 operating agreement, and payment and performance of all obligations associated with the operating entity (SBP L9, LLC) to its commercial lender and government loans.

SBP, Inc. provided certain guarantees on its SBP St. Peter LIHTC project, including payment and performance of all obligations of the developer (SBP St. Peter Developer, LLC) under the development agreement, payment and performance of all obligations of SBP St. Peter GP, LLC under the SBP St. Peter operating agreement and payment and performance of all obligations associated with the operating entity (SBP St. Peter, LLC) to its commercial lender and government loans.

10) Line of credit

The Organization has an $850,000 unsecured line of credit with a bank for its working capital needs with a maturity date of March 10, 2024. The interest rate on the line is variable, as per the agreement (7.5% at December 31, 2022). There was no balance on the line as of December 31, 2022 and 2021.

11) Grant note payable

SBP, Inc. was awarded a grant from the New Orleans Redevelopment Authority ("NORA") to assist with the development of single-family housing for low income families. The grant awarded provides up to $100,000 of assistance per property and of this total, up to $50,000 per property is payable back to NORA. As of December 31, 2022 and 2021, SBP, Inc. had a $190,000 and $180,000 payable to NORA, respectively, which is recorded in accrued expenses.

12) New markets tax credit

Toulouse Commercial, Inc. acquired land and developed a commercial facility located in New Orleans. In order to obtain the land and start development of the building, a credit agreement was executed on June 30, 2015 by and among Toulouse Commercial, Inc. and GSNMF SUB-CDE 13, LLC, a Delaware limited liability company ("Lender"). The loans qualify as a "quality low income community investment" and generate certain tax credits called New Markets Tax Credits ("NMTC") under Section 45D of the Internal Revenue Code. To qualify, Toulouse Commercial, Inc. must comply with certain representations, warranties, and covenants, including but not limited to, maintaining its' non-profit status and will continue to qualify as a qualified low-income community business. Toulouse Commercial, Inc. will potentially realize benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund ("CDFI"), a branch of the U.S. Department of Treasury.

12) New markets tax credit (continued)

At the end of the seven-year Tax Credit Investment Period, the Fund Member may exercise a put option whereby the Investment Fund will sell its interest in the NMTCs Facilities to the Organization for the put price of $1,000. In the event the Fund Member does not exercise the put and the Organization remains in compliance with the loan terms and the NMTCs rules and regulations, the Organization may exercise a call option during the 90 days following the end of the Put Option Period to purchase the Membership Interest of the Fund Member for an amount equal to the fair market value of the Membership Interest determined by agreement of the parties or qualified independent appraiser. As discussed in Note 7, on April 28, 2022 the Fund Member exercised the Put Option making SBP, Inc. the sole member of the investment fund. Forgiveness of the associated notes payable and receivable resulted in a gain of $1,540,998, which is presented on the statement of activities for the year ended December 31, 2022.

13) Other noncurrent assets

SBP St Peter, LLC owns, developed and operates the SBP St. Peter LIHTC Project. SBP, Inc. owns 100% of the membership interests in SBP St. Peter GP, LLC (the "St. Peter GP"). The St. Peter GP is the managing member of SBP St. Peter, LLC and owns 100% of its class of membership interests and .01% of the total equity interests of SBP St. Peter, LLC.

The other members of SBP St. Peter, LLC are Boston Financial Institutional Tax Credits XLIX, LP, as the investor member contributing the tax credit equity and owning 100% of the class of members receiving the LIHTCs and 99.9% of the equity interests of SBP St. Peter, LLC; and BFIM Special Limited Partner, Inc, which owns no equity interest in SBP St. Peter, LLC but owns 100% of its class of membership as the special member. The special member has certain administrative rights on behalf of the investor member. SBP, Inc., through the St. Peter GP, has contributed $1,100,000 to capital of SBP St. Peter, LLC.

In 2022, the Organization contributed to a Recovery Acceleration Fund (RAF). The RAF is intended to help low-income disaster survivors awaiting federal disaster assistance who do not have the ability to self-finance their home construction projects. The RAF pre-qualifies survivors for the disaster recovery program and provides them with critical loan funding that they will use to make their necessary home repairs. The RAF clients will repay the loan funding by using federal funds once they are approved by the state agencies. A total of $455,735 was contributed into the RAF as of December 31, 2022 and is included in other noncurrent assets on the consolidated statement of financial position.

14) Net assets with donor restrictions

Net assets with donor purpose restrictions are available for the following programs:

	2022	2021
Subject to expenditure for specified purpose:		
Rebuild Lake Charles	$ 5,087	$ 283,850
Rebuild Texas	596,986	1,790,660
Winter Storm Uri	-	198,660
Hurricane Ian	1,002,270	-
Hurricane Ida	1,106,915	2,872,561
FEMA Appeals	488,147	-
Kentucky Tornado	265,931	713,594
National Share	538,778	141,383
National Prepare	86,924	-
Bahamas	198,766	-
St. Vincent	246,338	-
Total net assets with donor purpose restrictions	$ 4,536,142	$ 6,000,708

15) Long-term debt

Long-term debt of the Organization at December 31, 2022 and 2021 consists of the following:

	2022	2021
A senior note payable to a lender with interest at a rate of 5.5% with interest only payments due quarterly. Any unpaid accrued interest and principal is due at maturity, July 29, 2022. The note is secured by assets of the Organization.	$ -	$ 1,500,000
A note payable to a lender with interest at a rate of 1.5% with interest only payments due quarterly. Any unpaid accrued interest and principal is due at maturity, July 2022. The note is secured by assets of the Organization. (see Note 12)	-	1,500,000
Notes payable to a lender with interest at a rate of 1.5% with interest only payments due quarterly through June 2022. Quarterly interest and principal payments begin September 2022 through maturity in June 2050. Any unpaid accrued interest and principal is due at maturity. The notes are secured by assets of the Organization. (see Note 12)	-	5,500,000
CDBG loan from the City of Houston with no principal or interest payments due or payable unless there is default under the terms of the agreement. If no events occur for a period of 20 years after project completion, the note payable will be deemed paid in full. Additional funds will be drawn on this loan as construction progresses. The maximum amount that can be drawn on this loan is $2,244,082.	680,743	-
Note payable to lender with interest at a rate of 4.0%. Monthly payments of approximately $18,500 are due and the loan has a maturity date of November 2037	2,499,213	-
Total long-term debt	3,179,956	8,500,000
Less: current portion	(126,000)	(3,026,000)
Less: unamortized issuance costs	-	(658,611)
Long-term debt, net	$ 3,053,956	$ 4,815,389

The maturities of long-term debt are as follows:

2023	$ 126,000
2024	-
2025	-
2026	-
2027	-
Thereafter	3,053,956

16) Operating leases

The Organization leases office space for its Bahamas, New York, South Carolina, Texas, Puerto Rico, Florida and New Jersey locations. These leases expire at various dates through December 2024. The weighted average remaining lease term and discount rate are 1.82 years and 1.63%, respectively. Total rent expense for these leases, which is included in occupancy expense was $110,174 and $132,082 for the years ended December 31, 2022 and 2021, respectively.

Future maturities of lease liabilities as of December 31, 2022 are as follows:

2023	$ 78,652
2024	57,859
	136,511
Less: Imputed interest	(2,021)
	$ 134,490

SBP, Inc. subleases office space to various other organizations. The Organization recognized $107,297 and $103,596 of income on these subleases for the years ended December 31, 2022 and 2021, respectively. The leases expire at various dates through December 2025.

Future minimum rental payments under the leases are as follows:

2023	$ 68,928
2024	70,308
2025	41,419

For periods prior to January 1, 2022, lease accounting was in accordance with the previously effective guidance of ASC topic 840, "*Leases*", where operating lease costs were expensed as incurred and non-cancellable future minimum operating lease payments were presented for disclosure only.

Future lease obligations for the above operating leases were as follows as of December 31, 2021:

2022	$ 140,449
2023	140,681
2024	63,650

17) Related party transactions

SBP, Inc. has an economic interest in SBP Real Estate, Inc., it does not have control. Therefore, the operations of SBP Real Estate, Inc. are not consolidated in the financial statements of the Organization. SBP, Inc. and SBP Real Estate, Inc. share a common focus on providing assistance to disaster-impacted communities through the construction, renovation and promotion of affordable housing. SBP, Inc. charges property management fees to SBP Real Estate, Inc. The property management fees totaled $-0- and $591 for the years ended December 31, 2022 and 2021, respectively.

SBP, Inc. has a balance of $16,612 and $22,847 due from SBP Real Estate, Inc. as of December 31, 2022 and 2021, respectively. SBP, Inc. has a $221,886 balance due from SBP Real Estate, Inc. included in accounts receivable at December 31, 2022 and 2021.

SBP, Inc. has a balance of $(221,762) due to SBP St. Peter, LLC as of December 31, 2022 and 2021. SBP, Inc. has a $163,922 balance due from SBP St. Peter, LLC included in accounts receivable at December 31, 2022 and 2021, respectively.

18) Economic dependence

In 2022, the Organization received approximately 82% of its revenue from federal, state and other grants and 10% from contributions. In 2021, the Organization received approximately 75% of its revenue from federal, state and other grants and 19% from contributions.

19) Supplementary disclosures of cash flows information

	2022	2021
Cash paid for interest	$ 139,719	$ 188,214

20) Employee benefit plan

The Organization maintains a 401(k) retirement plan for the benefit of all eligible employees, whereby the employees may elect to defer compensation pursuant to a salary reduction agreement. The Organization contributes a match as described in the plan documents. For the years ended December 31, 2022 and 2021, the Organization contributed $26,742 and $84,632, respectively.

21) Payroll tax deferral

In response to the COVID-19 pandemic, Congress signed into law on March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act permits the deferral of payment of the Organization's portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. As of December 31, 2022 and 2021, the Organization had $-0- and $172,295, respectively, of deferred payroll taxes, which are included in accrued payroll and related liabilities on the consolidated statements of financial position.

22) Paycheck Protection Program

During the year ended December 31, 2020 the Organization was able to participate in the Paycheck Protection Program ("PPP"). This program was designed to assist organizations with cash flow requirements necessary to maintain a healthy workforce during the COVID-19 pandemic. Under this program the Organization was able to borrow monies, up to certain amounts, to be used for payroll related costs. Loans under the PPP could be forgiven by the Federal Government if the Organization meets the forgiveness criteria outlined within the CARES Act. The Organization borrowed $1,764,200 under the terms and conditions of the PPP during the year ended December 31, 2020.

The Organization has elected to account for the PPP loan under the provisions of ASC 470, *Debt.* Under these provisions the loan is recorded as a liability and interest is accrued on the loan up until the point when the loan is forgiven. During the year ended December 31, 2021, this PPP loan was fully forgiven and the Organization recognized $1,764,200 of debt forgiveness income.

23) Subsequent events

In February 2023, a 7-unit affordable housing rental development that was in the process of being constructed in Houston was destroyed by a fire. The Organization is working with its insurance provider for reimbursement of damages resulting from the fire.

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the consolidated financial statements were available to be issued. Other than the preceding paragraph, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
The St. Bernard Project, Inc.
d/b/a SBP, Inc.
New Orleans, Louisiana

We have audited the consolidated financial statements of SBP, Inc. and subsidiaries as of and for the years ended December 31, 2022 and 2021, and our report thereon dated June 29, 2023, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wegmann Dazet

Metairie, Louisiana
June 29, 2023

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2022

	SBP, Inc.	Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	SBP L9 Developer, LLC	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS							
Current assets							
Cash and cash equivalents	$ 7,531,977	$ 811,154	$ -	$ -	$ 8,343,131	$ -	$ 8,343,131
Investments - current	5,127,161	-	-	-	5,127,161	-	5,127,161
Accounts receivable	1,112,925	-	1,087,870	222,728	2,423,523	(185,633)	2,237,890
Grants receivable - other	704,210	-	-	-	704,210	-	704,210
Grants receivable - federal	5,605,474	-	-	-	5,605,474	-	5,605,474
Construction in process	5,206,531	-	-	-	5,206,531	-	5,206,531
Real estate held for sale	70,680	-	-	-	70,680	-	70,680
Due from related party	16,612	-	-	977,272	993,884	(977,272)	16,612
Other current assets	418,074	15,973	-	-	434,047	-	434,047
Total current assets	25,793,644	827,127	1,087,870	1,200,000	28,908,641	(1,162,905)	27,745,736
Investments - noncurrent	3,684,670	-	-	-	3,684,670	-	3,684,670
Property and equipment, net	2,007,370	5,306,268	-	-	7,313,638	(852,457)	6,461,181
Right of use assets, at cost less accumulated amortization	133,066	-	-	-	133,066	-	133,066
Notes receivable - promissory notes	1,545	-	-	-	1,545	-	1,545
Notes receivable	2,347,770	-	-	-	2,347,770	(2,347,770)	-
Other noncurrent assets	1,555,735	-	-	-	1,555,735	-	1,555,735
Deposits	-	6,100	-	-	6,100	-	6,100
Total assets	$ 35,523,800	$ 6,139,495	$ 1,087,870	$ 1,200,000	$ 43,951,165	$ (4,363,132)	$ 39,588,033
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	$ 1,362,213	$ 18,643	$ -	$ -	$ 1,380,856	$ -	$ 1,380,856
Accrued payroll and related liabilities	757,828	-	-	-	757,828	-	757,828
Grant advance	1,064,966	-	-	-	1,064,966	-	1,064,966
Due to related party	1,384,667	-	-	-	1,384,667	(1,162,905)	221,762
Current portion of long-term debt	-	126,000	-	-	126,000	-	126,000
Current portion of operating lease obligations	107,170	-	-	-	107,170	-	107,170
Total current liabilities	4,676,844	144,643	-	-	4,821,487	(1,162,905)	3,658,582
Long-term debt, less current portion and unamortized issuance costs	680,743	4,720,983	-	-	5,401,726	(2,347,770)	3,053,956
Operating lease obligations, less current portion	27,320	-	-	-	27,320	-	27,320
Total liabilities	5,384,907	4,865,626	-	-	10,250,533	(3,510,675)	6,739,858
NET ASSETS							
Without donor restrictions	25,602,751	1,273,869	1,087,870	1,200,000	29,164,490	(852,457)	28,312,033
With donor purpose restrictions	4,536,142	-	-	-	4,536,142	-	4,536,142
Total net assets	30,138,893	1,273,869	1,087,870	1,200,000	33,700,632	(852,457)	32,848,175
Total liabilities and net assets	$ 35,523,800	$ 6,139,495	$ 1,087,870	$ 1,200,000	$ 43,951,165	$ (4,363,132)	$ 39,588,033

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2021

	SBP, Inc.	Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	SBP L9 Developer, LLC	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS							
Current assets							
Cash and cash equivalents	10,763,761	$ 661,908	$ -	$ -	$ 11,425,669	$ -	$ 11,425,669
Investments - current	3,637,596	-	-	-	3,637,596	-	3,637,596
Accounts receivable	1,281,371	-	1,087,870	1,135,430	3,504,671	(185,633)	3,319,038
Grants receivable - other	1,456,656	-	-	-	1,456,656	-	1,456,656
Grants receivable - federal	2,291,095	-	-	-	2,291,095	-	2,291,095
Construction in process	2,489,264	-	-	-	2,489,264	-	2,489,264
Real estate held for sale	70,680	-	-	-	70,680	-	70,680
Due from related party	-	-	-	64,570	64,570	(41,723)	22,847
Other current assets	247,676	26,741	-	-	274,417	-	274,417
Total current assets	22,238,099	688,649	1,087,870	1,200,000	25,214,618	(227,356)	24,987,262
Investments - noncurrent	3,987,296	-	-	-	3,987,296	-	3,987,296
Property and equipment, net	2,030,719	5,436,280	-	-	7,466,999	(852,457)	6,614,542
Notes receivable - promissory notes	49,819	-	-	-	49,819	-	49,819
Notes receivable	4,823,500	-	-	-	4,823,500	-	4,823,500
Other noncurrent assets	1,100,000	-	-	-	1,100,000	-	1,100,000
Deposits	-	6,100	-	-	6,100	-	6,100
Total assets	$ 34,229,433	$ 6,131,029	$ 1,087,870	$ 1,200,000	$ 42,648,332	$ (1,079,813)	$ 41,568,519
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	$ 720,773	$ 1,291	$ -	$ -	$ 722,064	$ -	$ 722,064
Accrued payroll and related liabilities	465,701	-	-	-	465,701	-	465,701
Grant advance	800,000	-	-	-	800,000	-	800,000
Due to related party	410,307	38,811	-	-	449,118	(227,356)	221,762
Current portion of long-term debt	1,500,000	1,526,000	-	-	3,026,000	-	3,026,000
Total current liabilities	3,896,781	1,566,102	-	-	5,462,883	(227,356)	5,235,527
Long-term debt, less current portion and unamortized issuance costs	-	4,815,389	-	-	4,815,389	-	4,815,389
Other long-term liabilities	22,000	-	-	-	22,000	-	22,000
Total liabilities	3,918,781	6,381,491	-	-	10,300,272	(227,356)	10,072,916
NET ASSETS							
Without donor restrictions	24,309,944	(250,462)	1,087,870	1,200,000	26,347,352	(852,457)	25,494,895
With donor purpose restrictions	6,000,708	-	-	-	6,000,708	-	6,000,708
Total net assets	30,310,652	(250,462)	1,087,870	1,200,000	32,348,060	(852,457)	31,495,603
Total liabilities and net assets	$ 34,229,433	$ 6,131,029	$ 1,087,870	$ 1,200,000	$ 42,648,332	$ (1,079,813)	$ 41,568,519

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2022

	SBP, Inc. Without Donor Restrictions	SBP, Inc. With Donor Restrictions	Toulouse Commercial, Inc. Without Donor Restrictions	SBP St. Peter Developer, LLC Without Donor Restrictions	SBP L9 Developer, LLC Without Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues								
Contributions	$ 4,282,460	$ 1,633,635	$ -	$ -	$ -	$ 5,916,095	$ -	$ 5,916,095
Grants	17,140,856	12,940,752	-	-	-	30,081,608	-	30,081,608
Property management fees	107,297	-	-	-	-	107,297	-	107,297
Homeowner funding	142,043	106,521	-	-	-	248,564	-	248,564
Sale of properties	423,000	-	-	-	-	423,000	-	423,000
Opportunity housing income	102,326	-	-	-	-	102,326	-	102,326
Vendor incentives	92,421	-	-	-	-	92,421	-	92,421
Interest and dividend income	317,640	-	-	-	-	317,640	-	317,640
Realized and unrealized loss on investments	(586,375)	-	-	-	-	(586,375)	-	(586,375)
Rental income	-	-	366,179	-	-	366,179	(366,179)	-
Gain on extinguishment of debt	-	-	1,540,998	-	-	1,540,998	-	1,540,998
Other income	508,815	-	-	-	-	508,815	-	508,815
Net assets released from restrictions	16,145,474	(16,145,474)	-	-	-	-	-	-
Total revenues	38,675,957	(1,464,566)	1,907,177	-	-	39,118,568	(366,179)	38,752,389
Expenses								
Program services								
Rebuilding	30,471,039	-	-	-	-	30,471,039	(250,571)	30,220,468
Opportunity housing	1,369,276	-	-	-	-	1,369,276	(29,285)	1,339,991
Disaster resilience and recovery lab	2,212,351	-	-	-	-	2,212,351	(43,709)	2,168,642
Supporting services								
General and administrative	2,431,081	-	382,846	-	-	2,813,927	(26,211)	2,787,716
Fundraising	899,403	-	-	-	-	899,403	(16,403)	883,000
Total expenses	37,383,150	-	382,846	-	-	37,765,996	(366,179)	37,399,817
Change in net assets	1,292,807	(1,464,566)	1,524,331	-	-	1,352,572	-	1,352,572
Net assets								
Beginning of year	24,309,944	6,000,708	(250,462)	1,087,870	1,200,000	32,348,060	(852,457)	31,495,603
End of year	$ 25,602,751	$ 4,536,142	$ 1,273,869	$ 1,087,870	$ 1,200,000	$ 33,700,632	$ (852,457)	$ 32,848,175

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2021

	SBP, Inc. Without Donor Restrictions	SBP, Inc. With Donor Restrictions	Toulouse Commercial, Inc. Without Donor Restrictions	SBP St. Peter Developer, LLC Without Donor Restrictions	SBP L9 Developer, LLC Without Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues								
Contributions	$ 4,144,383	$ 3,511,338	$ -	$ -	$ -	$ 7,655,721	$ -	$ 7,655,721
Grants	10,895,769	15,256,681	-	-	-	26,152,450	-	26,152,450
Property management fees	103,596	-	-	-	-	103,596	-	103,596
Homeowner funding	69,434	364,917	-	-	-	434,351	-	434,351
Sale of properties	550,400	-	-	-	-	550,400	-	550,400
Opportunity housing income	103,970	-	-	-	-	103,970	-	103,970
Vendor incentives	86,414	-	-	-	-	86,414	-	86,414
Interest and dividend income	253,897	-	-	-	-	253,897	-	253,897
Realized and unrealized loss on investments	(92,403)	-	-	-	-	(92,403)	-	(92,403)
Gain on sale of assets	187,730	-	-	-	-	187,730	-	187,730
Rental income	-	-	355,514	-	-	355,514	(355,514)	-
Developers fees	-	-	-	-	360,000	360,000	-	360,000
PPP loan forgiveness	1,764,200	-	-	-	-	1,764,200	-	1,764,200
Other income	276,845	5,070	-	-	-	281,915	-	281,915
Net assets released from restrictions	18,785,651	(18,785,651)	-	-	-	-	-	-
Total revenues	37,129,886	352,355	355,514	-	360,000	38,197,755	(355,514)	37,842,241
Expenses								
Program services								
Rebuilding	25,243,381	-	-	-	-	25,243,381	(162,802)	25,080,579
Opportunity housing	1,304,101	-	-	-	-	1,304,101	(32,138)	1,271,963
Disaster resilience and recovery lab	2,221,450	-	-	-	-	2,221,450	(84,613)	2,136,837
Supporting services								
General and administrative	3,573,750	-	377,102	-	-	3,950,852	(56,130)	3,894,722
Fundraising	485,518	-	-	-	-	485,518	(19,831)	465,687
Total expenses	32,828,200	-	377,102	-	-	33,205,302	(355,514)	32,849,788
Change in net assets	4,301,686	352,355	(21,588)	-	360,000	4,992,453	-	4,992,453
Net assets								
Beginning of year	20,008,258	5,648,353	(228,874)	1,087,870	840,000	27,355,607	(852,457)	26,503,150
End of year	$ 24,309,944	$ 6,000,708	$ (250,462)	$ 1,087,870	$ 1,200,000	$ 32,348,060	$ (852,457)	$ 31,495,603

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	SBP, Inc.					Toulouse Commercial, Inc.			
	Program Services			Supporting Services					
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	General & Administrative	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Advertising	$ 18,164	$ -	$ 1,159	$ -	$ 11,296	$ -	$ 30,619	$ -	$ 30,619
Bad debt writeoff	213,000	4,623	-	-	-	-	217,623	-	217,623
Building maintenance and repairs	40,426	127	-	2	391	26,948	67,894	-	67,894
Construction	17,904,229	2,707,452	6,830	214	4,074	-	20,622,799	-	20,622,799
Construction WIP	(455,374)	(2,707,452)	-	-	-	-	(3,162,826)	-	(3,162,826)
Contract services	966,510	364,589	220,382	22,653	175,828	57,836	1,807,798	-	1,807,798
Cost of property sold	-	423,559	-	-	-	-	423,559	-	423,559
Depreciation expense	37,486	30,434	-	-	-	130,012	197,932	-	197,932
Dues and subscriptions	27,685	1,396	3,152	1,636	3,099	-	36,968	-	36,968
Education and seminars	5,134	-	4,749	397	4,747	-	15,027	-	15,027
Forgivable promissory note	-	48,274	-	-	-	-	48,274	-	48,274
Fundraising expenses	107,239	5,408	12,207	6,338	12,003	-	143,195	-	143,195
Grants and awards expenses	2,773,747	-	-	1,036	-	-	2,774,783	-	2,774,783
Information tech	49,164	1,966	20,906	2,984	26,078	-	101,098	-	101,098
In-kind labor	1,312,263	39,600	-	-	-	-	1,351,863	-	1,351,863
Insurance	915,584	122,434	33,708	18,692	126,189	51,043	1,267,650	-	1,267,650
Interest expense	30,689	-	12,668	5,293	6,142	108,036	162,828	-	162,828
Miscellaneous expenses	87,684	12,455	24,411	5,980	-	-	130,530	-	130,530
Office rent	463,726	44,283	66,094	24,803	39,634	-	638,540	(366,179)	272,361
Office supplies	36,437	1,891	1,592	958	3,173	-	44,051	-	44,051
Payroll - direct	5,072,652	245,103	1,458,049	718,688	1,821,325	-	9,315,817	-	9,315,817
Postage and mailing service	12,438	113	12,674	9,562	1,196	-	35,983	-	35,983
Printing	25,665	322	25,432	12,968	1,312	-	65,699	-	65,699
Professional services	60,664	-	-	-	45,108	-	105,772	-	105,772
Signature support	23,175	21	735	308	2,753	-	26,992	-	26,992
Software licenses and fees	238,235	2,534	96,664	55,964	37,685	-	431,082	-	431,082
Special events	13,546	174	6,086	733	5,176	-	25,715	-	25,715
Travel and meetings	403,111	8,623	201,893	10,151	89,722	-	713,500	-	713,500
Utilities	53,681	11,347	-	43	13,847	8,971	87,889	-	87,889
Vehicle expenses	34,018	-	2,960	-	303	-	37,281	-	37,281
Total expenses	$ 30,471,039	$ 1,369,276	$ 2,212,351	$ 899,403	$ 2,431,081	$ 382,846	$ 37,765,996	$ (366,179)	$ 37,399,817

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	SBP, Inc.					Toulouse Commercial, Inc.			
	Program Services			Supporting Services					
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	General & Administrative	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Advertising	$ 27,662	$ 594	$ 7,069	$ 1,040	$ 268	$ -	$ 36,633	$ -	$ 36,633
Bad debt writeoff	166,931	1,795	-	1,533	2,122,500	-	2,292,759	-	2,292,759
Building maintenance and repairs	22,852	325	-	10	357	6,453	29,997	-	29,997
Construction	13,662,938	2,300,747	13,387	101	112	-	15,977,285	-	15,977,285
Construction WIP	(225,660)	(2,168,288)	-	-	-	-	(2,393,948)	-	(2,393,948)
Contract services	859,574	141,007	212,351	-	215,969	15,573	1,444,474	-	1,444,474
Cost of property sold	-	654,538	-	-	-	-	654,538	-	654,538
Depreciation expense	62,557	30,434	-	-	-	130,012	223,003	-	223,003
Dues and subscriptions	3,123	49	1,980	538	11,336	-	17,026	-	17,026
Education and seminars	-	1,440	4,405	1,995	-	-	7,840	-	7,840
Fogiveable promissory note	-	35,390	-	-	-	-	35,390	-	35,390
Fundraising expenses	669	-	22,513	3,272	116	-	26,570	-	26,570
Grants and awards expenses	2,612,691	-	-	6,173	-	-	2,618,864	-	2,618,864
Information tech	41,294	2,351	26,352	2,398	33,530	-	105,925	-	105,925
In-kind labor	288,569	-	-	-	-	-	288,569	-	288,569
Insurance	1,456,046	80,814	84,555	21,115	64,089	54,687	1,761,306	-	1,761,306
Interest expense	19,816	685	38,397	6,171	18,134	128,120	211,323	-	211,323
Miscellaneouse expenses	52,985	18,606	35,436	5,953	32,144	23,017	168,141	-	168,141
Office rent	372,589	47,802	119,871	19,831	56,130	-	616,223	(355,514)	260,709
Office supplies	35,902	1,185	2,774	1,142	1,770	-	42,773	-	42,773
Payroll - direct	5,252,947	148,349	1,286,147	362,590	937,730	-	7,987,763	-	7,987,763
Postage and mailing service	15,082	547	964	2,159	3,079	-	21,831	-	21,831
Printing	18,381	1,773	19,262	6,729	601	-	46,746	-	46,746
Professional services	-	-	-	-	2,068	-	2,068	-	2,068
Signature support	2,194	-	583	-	-	-	2,777	-	2,777
Software licenses and fees	18,789	637	116,196	33,685	43,834	-	213,141	-	213,141
Special events	4,579	-	8,555	592	4,206	-	17,932	-	17,932
Travel and meetings	368,160	2,163	217,104	8,440	22,780	-	618,647	-	618,647
Utilities	56,022	1,158	-	51	2,176	19,240	78,647	-	78,647
Vehicle expenses	46,689	-	3,549	-	821	-	51,059	-	51,059
Total expenses	$ 25,243,381	$ 1,304,101	$ 2,221,450	$ 485,518	$ 3,573,750	$ 377,102	$ 33,205,302	$ (355,514)	$ 32,849,788

UNIFORM GUIDANCE COMPLIANCE AND GOVERNMENT AUDITING STANDARDS REPORTS

Jon S. Folse
Lisa D. Englade
Kerney F. Craft, Jr.
Jonathan P. Koenig
John D. White

Valerie L. Lowry
Thomas R. Laine
Brian M. Menendez
James G. Hargrove
Richard J. Tullier, Jr.

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

To the Board of Directors
The St. Bernard Project, Inc.
d/b/a SBP, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of SBP, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, 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, and have issued our report thereon dated June 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered SBP, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 SBP, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the internal control over financial reporting 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SBP, Inc.'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

SBP, Inc.'s Response to Findings

SBP, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. SBP, Inc.'s response was not subject to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Wegmann Dazet

Metairie, Louisiana
June 29, 2023

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Lisa D. Englade
Kerney F. Craft, Jr.
Jonathan P. Koenig
John D. White

Valerie L. Lowry
Thomas R. Laine
Brian M. Menendez
James G. Hargrove
Richard J. Tullier, Jr.

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

To the Board of Directors
The St. Bernard Project, Inc.
d/b/a SBP, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SBP, Inc.'s 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 SBP, Inc.'s major federal programs for the year ended December 31, 2022. SBP, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SBP, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 SBP, Inc.'s compliance with the types of 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 SBP, Inc.'s federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SBP, Inc.'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 GAAS, *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 types of 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 SBP, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 SBP, Inc.'s compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SBP, Inc.'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 SBP, Inc.'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 *Auditors' 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 have not been 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.

Wegmann Dazet

Metairie, Louisiana
June 29, 2023

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

Federal Grantor/Program Title	AL Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD):		
Veterans Housing Rehabilitation and Modification	14.278	$ 245,604
CDBG - Disaster Recovery Grants Cluster:		
Passed through the Housing Trust Fund Corporation	14.269	574,146
Passed through the City of Columbia	14.228	7,318,016
Passed through the City of New Orleans - CDBG	14.239	331,813
Total CDBG – Disaster Recovery Grant Cluster		8,469,579
Older Adult Home Modification Program	14.921	72,308
Total U.S. HUD		8,541,887
Passed through the		
Corporation for National and Community Service:		
ARRA- AmeriCorp Grant	94.006	2,750,691
Total Expenditures of Federal Awards		$ 11,292,578

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Note 1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of SBP, Inc. The reporting entity is defined in Note 1 to SBP, Inc.'s consolidated financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards 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.)* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. SBP, Inc. has not applied for its own indirect cost rate.

Note 3 Risk-based audit approach

The dollar threshold used to distinguish between Type A and Type B programs is $750,000. The Organization does qualify as a low-risk auditee.

Noe 4 Indirect Cost Rate

SBP, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 5 Loan and Loan Guarantee Programs

SBP, Inc. administers a program funded by the U.S. Department of Housing and Urban Development. Balances and transactions relating to these programs are included in the SBP, Inc.'s consolidated financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of the loans outstanding at December 31, 2022 was $2,244,082 for Assistance Listing Number 14.228.

Note 4 Possible ineligible, disallowed and questioned costs

SBP, Inc. is subject to audit(s) and investigation(s) by state and federal agencies or their designees for compliance with contractual and programmatic requirements with regard to funding provided to SBP, Inc. The determination of whether any instances of noncompliance that will ultimately result in remittance by SBP, Inc. of any ineligible or disallowed costs cannot be presently determined.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

1. Type of report issued on the consolidated financial statements: **Unmodified Opinion**.

2. Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements: **Yes**. Material weaknesses: **No**.

3. Noncompliance which is material to the consolidated financial statements: **No**.

4. Significant deficiencies in internal control over major programs: **No**. Material weaknesses: **No**.

5. Type of report issued on compliance for major programs: **Unmodified Opinion.**

6. Any audit findings which are required to be reported in accordance with 2CFR 200.516(a): **No**.

7. Major programs for the fiscal year ended December 31, 2022 were:

Community Development Block Grant	(AL #14.228)
CDBG-Disaster Recovery Grants	(AL #14.269)

8. Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**.

9. Auditee qualified as a low-risk auditee under Uniform Guidance: **Yes**.

10. A management letter was issued: **No**.

SECTION II – CONSOLIATED FINANCIAL STATEMENT FINDINGS

2022-001: Conditional Contribution Revenue Recognition

Condition:
The Organization inaccurately recognized revenue for a conditional contribution when the cash was received from a single grant funder.

Criteria:
Generally accepting accounting principles require that conditional contributions are not recognized as revenue until the period when the qualifying conditions have been substantially met.

Cause:
Internal controls were not operating effectively to ensure that conditional contribution revenues were recognized when the condition was substantially met.

Effect:
As a result, conditional contribution revenue was recorded in advance of meeting the qualifying conditions for recognition.

Recommendation:
We recommend the Organization should review their procedures for revenue recognition, specifically differentiating between conditional and unconditional contributions to prevent re-occurrence of this isolated deficiency.

SECTION II – CONSOLIATED FINANCIAL STATEMENT FINDINGS (CONTINUED)

2022-001: Conditional Contribution Revenue Recognition (continued)

Views of the responsible officials: SBP, Inc. has implemented specific safeguards to prevent the re-occurrence of this isolated finding. This includes amending the grant intake process to ensure that if grants have a conditional return to grantor clause, these grants will be managed differently. More specifically, the Organization will track the expenditures on such conditional grants, similar to how reimbursable grants are currently managed. The revenue and liability for conditional grant advances will be reconciled monthly. While this conditional grant deficiency was isolated to a single funder, SBP, Inc. is committed to ensuring that the approximate hundred grants reviewed annually are accounted for appropriately.

SECTION III – FEDERAL AWARD FINDINGS

There were no items identified in the course of our testing during the current year required to be reported.

SECTION IV – FINDINGS AND QUESTIONED COSTS PRIOR YEAR

SCHEDULE OF FINDINGS RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

There were no findings related to the consolidated financial statements for the year ended December 31, 2021.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during for the year ended December 31, 2021 required to be reported.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUMMARY OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended December 31, 2022

Agency Head	Job Title	Purpose	2022
Thomas Corley	Executive Director/Improvement Officer	Salary	$ 44,268
Reese May	Chief Innovation and Strategy Officer	Salary	48,063
Pam Kidwell	Executive Director	Salary	24,250
Edgardo Maldonado	Executive Director	Salary	32,283
Richard Mac Dermott	Executive Director	Salary	99,998
Kenneth Morgan Jr.	Executive Director	Salary	18,018
Elizabeth McCartney	Chief Operating Officer	Salary	12,439
Keith McCulloch	Chief Financial Officer	Salary	44,028

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Lisa D. Englade
Kerney F. Craft, Jr.
Jonathan P. Koenig
John D. White

Valerie L. Lowry
Thomas R. Laine
Brian M. Menendez
James G. Hargrove
Richard J. Tullier, Jr.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of The St. Bernard Project, Inc.
d/b/a SBP, 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 year period January 1, 2022 through December 31, 2022. SBP, Inc. (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity 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 the LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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.

   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.

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

   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).

   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.

   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.

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

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).

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.

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

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.

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.

Procedure Results - We performed the procedures noted above and noted no exceptions. The Entity is a non-profit and accordingly, item l) above is not applicable.

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.

   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, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit 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.*

   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.

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.

Procedure Results - We performed the procedures noted above and noted no exceptions. The Entity is not a governmental entity, nor does it report on the governmental accounting model, accordingly, item b) and c) above are not applicable. The Entity did not have any audit findings to discuss in board meetings, therefore, item d) above is not applicable.

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);

   b) Bank reconciliations include written 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 (e.g., initialed and dated, electronically logged); and

   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.

   Procedure Results - We performed the procedures noted above and noted no exceptions.

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).

   Procedure Results - We performed the procedure noted above and noted no exceptions.

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 (e.g., 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 responsible for cash collections do not share cash drawers/registers.

   Procedure results – We performed the procedure noted above and noted no exception.

   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.

Procedure results – We performed the procedure noted above and noted no exception.

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.

Procedure results – We performed the procedure noted above and noted no exception.

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

Procedure results – We performed the procedure noted above and noted no exception.

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

   Procedure Results - We performed the procedure noted above and noted no exceptions.

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

   a) Observe that receipts are sequentially pre-numbered.

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

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

   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).

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

   Procedure Results - We performed the procedures noted above and noted no exceptions.

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

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

   Procedure Results - We performed the procedure noted above and noted no exceptions.

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, then 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 or making the purchase.

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

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

   e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

   Procedure Results - We performed the procedures above and noted no exceptions.

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.

    Procedure Results - We performed the procedure noted above and noted no exceptions.

    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.

    Procedure Results - We performed the procedure noted above and noted no exceptions.

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

    Procedure Results - We performed the procedures noted above and noted no exceptions.

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.

    Procedure Results - We performed the procedure above and noted no exception.

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.

    b) Observe that finance charges and late fees were not assessed on the selected statements.

    Procedure Results - We performed the procedures noted above and noted no exceptions.

14. Using the monthly statements or combined statements selected under #13 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 (e.g., each card should have 10 transactions subject to inspection). 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.

    Procedure Results - We performed the procedures noted above and noted no exceptions.

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

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

    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).

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

c) Observe 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 in procedure #1.

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

Procedure Results - We performed the procedures above and noted no exceptions.

Contracts

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

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

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

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

    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 the invoice and related payment agreed to the terms and conditions of the contract.

    Procedure Results - The Entity is a non-profit, accordingly item a) is not applicable. The Entity had no amendments to contracts during the testing period, accordingly, item c) is not applicable. We performed the remaining procedures noted above and noted no exceptions.

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.

    Procedure Results - We performed the procedures noted above and noted no exceptions.

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).

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

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

d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Procedure Results - We performed the procedures noted above and noted no exceptions.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or official's cumulative leave records, agree the pay rates to the employee or official's authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

Procedure Results - We performed the procedures noted above and noted no exceptions.

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.

Procedure Results - We performed the procedure noted above and noted no exceptions.

Ethics

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

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

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.

Procedure Results - This section is not applicable to the Entity. The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

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

Procedure Results - This section is not applicable to the Entity. The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

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.

    Procedure Results - We performed the procedure noted above and noted no exceptions.

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).

    Procedure Results - We performed the procedure noted above and noted no exceptions.

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.

    Procedure Results - The Entity did not have misappropriations of public funds or assets during the fiscal period. Accordingly, this section is not applicable.

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.

    Procedure Results - We performed the procedure noted above and noted no exceptions.

Information Technology Disaster Recovery/Business Continuity

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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence 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.

    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, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Procedure Results - We performed the procedures noted above and noted no exceptions.

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.

Procedure Results - We performed the procedure noted above and noted no exceptions. We discussed the results with management.

Prevention of Sexual Harassment

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

Procedure Results - This section is not applicable to the Entity.

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

Procedure Results - This section is not applicable to the Entity.

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

    a) Number and percentage of public servants in the agency who have completed the training requirements.

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

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

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

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

Procedure Results - This section is not applicable to this Entity.

We were engaged by the Entity 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 the Entity and to meet our other 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.

Wegmann Dazet

Metairie, Louisiana
June 29, 2023