GULF COAST HOUSING PARTNERSHIP, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

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Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

Independent Auditors' Report

The Board of Directors and Officers
Gulf Coast Housing Partnership, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Gulf Coast Housing Partnership, Inc. (a nonprofit organization) (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 the Organization'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 Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined 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 the Organization's internal control, 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 July 29, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
July 29, 2022

GULF COAST HOUSING PARTNERSHIP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Cash and cash equivalents	$ 6,007,063	$ 3,798,412
Accounts receivable	1,594,842	1,524,848
Grants and contributions receivable	3,409,850	5,180,000
Prepaids	784,023	801,251
Developer fees receivable	1,293,304	746,923
Restricted cash and cash equivalents	43,805,862	30,132,688
Notes receivable	26,982,024	16,117,679
Real estate held for development and sale	10,044,637	12,929,693
Property and equipment, net	255,127,682	189,863,406
Other assets	2,440,210	2,636,832
Investments	249,154	326,828
Total assets	$ 351,738,651	$ 264,058,560

LIABILITIES AND NET ASSETS

	2021	2020
LIABILITIES		
Accounts payable and accrued expenses	$ 3,403,127	$ 1,738,767
Construction costs payable	13,879,459	6,439,848
Refundable advances	2,094,984	1,365,000
Deferred revenue	1,064,643	731,692
Other payables	3,801,073	3,701,240
Due to related parties	2,899,328	2,994,767
Paycheck Protection Program loan	-	813,127
Long-term debt, net of debt issuance costs	165,634,436	118,718,804
Total liabilities	192,777,050	136,503,245
NET ASSETS		
Without donor restrictions		
GCHP - controlling interest	60,642,327	57,438,432
Noncontrolling interests in subsidiaries	83,950,692	60,864,383
Total net assets without donor restrictions	144,593,019	118,302,815
With donor restrictions	14,368,582	9,252,500
Total net assets	158,961,601	127,555,315
Total liabilities and net assets	$ 351,738,651	$ 264,058,560

The accompanying notes are an integral part of these consolidated financial statements.

GULF COAST HOUSING PARTNERSHIP, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Property operations rental income	$ 10,034,181	$ -	$ 10,034,181	$ 8,629,890	$ -	$ 8,629,890
Grants and contributions	685,376	3,596,066	4,281,442	3,631,391	5,680,000	9,311,391
Development fees	8,152,322	-	8,152,322	6,327,261	-	6,327,261
Federal grants	343,843	1,520,016	1,863,859	1,228,994	891,250	2,120,244
Forgiveness of debt, net	1,023,289	-	1,023,289	2,744,314	-	2,744,314
Interest income	281,344	-	281,344	184,439	-	184,439
Management fees	763,008	-	763,008	803,000	-	803,000
Rental income	110,344	-	110,344	154,229	-	154,229
Interest income on cash and cash equivalents	9,229	-	9,229	16,165	-	16,165
Loss on disposition	(279,276)	-	(279,276)	-	-	-
Loss on investments in partnerships	(110,711)	-	(110,711)	(824,595)	-	(824,595)
Other revenue	626,150	-	626,150	16,314	-	16,314
Total support and revenue	21,639,099	5,116,082	26,755,181	22,911,402	6,571,250	29,482,652
EXPENSES						
Program services	18,906,283	-	18,906,283	15,744,478	-	15,744,478
Support services	2,959,810	-	2,959,810	2,777,249	-	2,777,249
Total expenses	21,866,093	-	21,866,093	18,521,727	-	18,521,727
Change in net assets	(226,994)	5,116,082	4,889,088	4,389,675	6,571,250	10,960,925
NET ASSETS, BEGINNING OF YEAR	118,302,815	9,252,500	127,555,315	104,582,999	2,681,250	107,264,249
Change in net assets	(226,994)	5,116,082	4,889,088	4,389,675	6,571,250	10,960,925
Noncontrolling members' contributions to subsidiaries	26,517,198	-	26,517,198	9,330,141	-	9,330,141
Change in consolidated net assets	26,290,204	5,116,082	31,406,286	13,719,816	6,571,250	20,291,066
NET ASSETS, END OF YEAR	$ 144,593,019	$ 14,368,582	$ 158,961,601	$ 118,302,815	$ 9,252,500	$ 127,555,315

The accompanying notes are an integral part of these consolidated financial statements.

GULF COAST HOUSING PARTNERSHIP, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 2,550,844	$ 1,314,290	$ 141,847	$ 4,006,981
Depreciation and amortization	5,540,440	123,811	-	5,664,251
Property operating expense	6,495,187	-	-	6,495,187
Interest expense	2,389,516	-	-	2,389,516
Administrative	-	1,226,484	-	1,226,484
Property taxes and insurance	1,930,296	153,378	-	2,083,674
Total expenses	$ 18,906,283	$ 2,817,963	$ 141,847	$ 21,866,093

	2020			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 2,254,108	$ 1,161,400	$ 125,346	$ 3,540,854
Depreciation and amortization	4,841,400	120,008	-	4,961,408
Property operating expense	5,221,564	-	-	5,221,564
Interest expense	1,961,128	-	-	1,961,128
Administrative	-	1,246,925	-	1,246,925
Property taxes and insurance	1,466,278	123,570	-	1,589,848
Total expenses	$ 15,744,478	$ 2,651,903	$ 125,346	$ 18,521,727

The accompanying notes are an integral part of these consolidated financial statements.

GULF COAST HOUSING PARTNERSHIP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	$ 4,889,088	$ 10,960,925
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,798,368	4,798,681
Forgiveness of debt	(1,836,416)	(2,744,314)
Loss on investment	77,674	824,595
Amortization of deferred fees	865,883	162,727
Noncash interest (amortization of debt issuance costs)	1,111,480	117,491
Loss (gain) on disposition	279,276	-
Changes in operating assets and liabilities:		
Accounts receivable	(69,994)	(1,018,862)
Grants and contributions receivable	1,770,150	(3,667,578)
Prepaids	17,228	(97,306)
Developer fees receivable	(546,381)	920,419
Accounts payable and accrued expenses	1,664,360	1,714,254
Refundable advances	729,984	367,750
Deferred revenue	332,951	-
Other payables	99,833	471,679
Net cash provided by operating activities	14,183,484	12,810,461
Cash flows from investing activities:		
Purchases of real estate, property, and equipment	(65,356,638)	(47,685,879)
Disburesment of notes receivable	(11,295,828)	(1,090,674)
Collection on notes receivable	431,483	23,442
Proceeds on real estate held for investment	5,339,385	2,999,787
Net cash used in investing activities	(70,881,598)	(45,753,324)
Cash flows from financing activities:		
Proceeds from notes payable	61,275,358	40,252,376
Payments on notes payable	(14,447,917)	(5,212,335)
Proceeds from related parties	(95,439)	68,875
Contributions and transfers from noncontrolling interests	26,517,198	9,330,141
Change in other assets, net	(669,261)	(110,209)
Paycheck Protection Program proceeds	-	813,127
Net cash provided by financing activities	72,579,939	45,141,975
Net increase in cash and cash equivalents	15,881,825	12,199,112
Cash and cash equivalents at beginning of year	33,931,100	21,731,988
Cash and cash equivalents at end of year	$ 49,812,925	$ 33,931,100
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest, net of capitalized interest	$ 2,645,254	$ 2,134,203
Change in accounts payable related to construction	$ 7,439,611	$ 3,935,174
Reconciliation to Consolidated Statements of Financial Position:		
Cash and cash equivalents for cash flow statements include:		
Cash and cash equivalents	$ 6,007,063	$ 3,798,412
Restricted cash and cash equivalents	43,805,862	30,132,688
	$ 49,812,925	$ 33,931,100

The accompanying notes are an integral part of these consolidated financial statements.

GULF COAST HOUSING PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(1) Summary of Significant Accounting Policies

(a) History and Organization

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

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

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

1122 OCH, L.L.C.
165 Dauphin GP, L.L.C.
1840 Baronne L.L.C.
Beverly Land, L.L.C.
GCHP-1409 OCH, L.L.C.
GCHP-1610 OCH, L.L.C.
GCHP-Andrew L.L.C.
GCHP-Canal, L.L.C.
GCHP-Elysian II, L.L.C.
GCHP-German Schoolhouse, L.L.C.
GCHP-Jericho, L.L.C.
GCHP-Management, L.L.C.
GCHP-MLK Development, L.L.C.
GCHP-RBR 2002, LLC
GCHP-Scott, L.L.C.
GCHP-Midtown GP, LLC*
GCHP Richland GP, LLC
FNBC MLK Investments
GCHP-Spanish Town, L.L.C.
GCHP-Springs, L.L.C.
GCHP-Stevenson GP, L.L.C.
GCHP-Westwego, L.L.C.
Gulf Coast Housing Partnership, L.L.C.
King Rampart L.L.C.
OSBR Land, L.L.C.
Village at the Beverly II GP, L.L.C.
GCHP-Hooper Ridge, LLC
Hooper Ridge, LLC
GCHP-Franklin LLC
GCHP-Franklin MM, LLC
GCHP-German Schoolhouse GP,LLC
Pearl Street Southwest MM, LLC
Richland Gardens, LP
GCHP-Midtown, LP*
GCHP-MSD1LP

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

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

* Denotes entity was formed or became wholly owned in 2021.

(1) Summary of Significant Accounting Policies (continued)

(a) History and Organization (continued)

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

GCHP-Beau Sejour GP, L.L.C.
GCHP-Elysian, L.L.C.
GCHP-Elysian III, LLC
GCHP-Esplanade GP, L.L.C.
GCHP-Gabriel Villa GP, L.L.C.
GCHP-Hammond GP, L.L.C.
GCHP-Raymond Road GP, LLC
GCHP-Virginia Meadows GP, LLC
H3C GP, LLC *
GCHP-Villas at Lafayette SLP, LLC
GCHP-Cypress Gardends GP, LLC
Lotus Village GP, LLC *
GCHP-Jefferson Davis GP, L.L.C.
GCHP-Muses, L.L.C.
Nel Court, GP, L.L.C.
Old Morrison GP, L.L.C.
Village at the Beverly GP, L.L.C.
Village at the Beverly II GP, LLC
1300 OCH GP, LLC *
LMBD Lafource GP, LLC
Country Ridge Estates GP, LLC *
GCHP-Midtown GP, LP
Jefferson Davis, LTD

* Denotes entity was formed or became wholly owned in 2021.

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

GCHP-Elysian III GP, L.L.C.
GCHP-One Stop, L.L.C.
GCHP-1854 GP, L.L.C.
West-Millsaps GP, L.L.C.
GCHP-Mid City GP, L.L.C.
GCHP-North Park GP, L.L.C.
McKee City Living GP, L.L.C.
GCHP-NMTC-2019#2
GCHP-NMTC-2019#4
GCHP-NMTC-2019#5
GCHP-Sacred Heart MM, LLC
TGBG1, LLC
GCHP-Sacred Heart, LLC
GCHP-Claiborne MM, L.L.C.
AG 2018, L.L.C.
Pearl Street Southwest MM, L.L.C.
GCHP-Progress Park GP, LLC
GCHP-NMTC-2019#1
GCHP-NMTC-2019#3
GCHP-Elysian II GL, LLC

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

165 Dauphin, L.P.
1854 North Street, L.L.C.
Beau Sejour Apartments, L.P.
GCHP-Claiborne, L.L.C.
GCHP-Esplanade, L.L.C.
GCHP-Hammond, L.L.C.
GCHP-Jefferson Davis, L.L.C.
GCHP-Mid City, L.L.C.
GCHP-MLK, L.L.C.
GCHP-PolyBar, L.L.C.
Stevenson Apartments, L.P.
Village at the Beverly, L.L.C.
West-Millsaps, L.L.C.
1626 OCH LLC
GCHP-Elysian II, LLC
North Park Housing, GP
Raymond Road Partners LP
GCHP-Progress Park, LLC
H3C, LLC
1300 OCH, LLC

(1) Summary of Significant Accounting Policies (continued)

(a) History and Organization (continued)

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

Nel Court, L.P.
Northpark Housing, L.P.
Old Morrison Partners, L.P.
GCHP-Cypress Gardens, LP
Lotus Village, LP
Village at the Beverly II, LP
Country Club Estates, LP
LMDB LaFourche, LLC
Country Ridge Estates, LP
Virginia Meadows, LP
Virginia Meadows Parcel 1, LLC
Virginia Meadows Parcel 2, LLC
McKee City Living, LP

Other non-consolidated partnership interests are as follows:

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

All significant intercompany accounts and transactions have been eliminated.

(b) Basis of Accounting and Presentation of Net Assets

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had $14,368,582 and $9,252,500 of net assets with donor restrictions as of December 31, 2021 and 2020, respectively. These net assets are restricted by purpose and time.

(1) Summary of Significant Accounting Policies (continued)

(b) Basis of Accounting and Presentation of Net Assets (continued)

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

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

(e) Restricted Cash and Cash Equivalents

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

(f) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. GCHP uses the direct write-off method to provide for uncollectible accounts. Receivables are charged to bad debt when they are deemed uncollectable. There were no direct write-offs for the years ended December 31, 2021 and 2020. Use of this method does not result in a material difference from the valuation method required by U.S. GAAP.

(g) Debt Issuance Costs

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

(1) Summary of Significant Accounting Policies (continued)

(h) Property and Equipment

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

Impairment of long-lived assets is reviewed whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. Fair market value is determined primarily using appraisals. There were no impairments of long-lived assets recorded by management during the years ended December 31, 2021 and 2020.

(i) Tax Exempt Status

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

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

(j) Real Estate Development

GCHP capitalizes project costs which include acquisition and predevelopment costs (real estate held for development and sale), and construction and development costs incurred during construction (construction in progress) for each of its projects. GCHP also capitalizes, upon commencement of construction, interest charges from debt related to these specific projects. Interest capitalized was $666,167 and $237,859 for the years ended December 31, 2021 and 2020, respectively. When projects are sold, the related cost and accumulated depreciation as applicable are removed from the accounts; any gain or loss is included in the consolidated statements of activities.

(1) Summary of Significant Accounting Policies (continued)

(k) Revenue Recognition

Contributions – GCHP recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

Federal and state grants – A portion of GCHP's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when GCHP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. GCHP received grant funds of $2,094,984 and $1,365,000 that were not recognized as revenues at December 31, 2021 and 2020, respectively, as qualifying expenditures have not yet been incurred.

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

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

Management fees – The performance obligation associated with management fees is the management of real estate properties. While the individual activities that comprise the performance obligation of the management fees can vary day-to-day, the nature of the overall performance obligation to provide management services is the same and considered by GCHP to be a series of services that have the same pattern of transfer to the customer and the same method to measure progress toward satisfaction of the obligation. GCHP recognizes revenue for fees as earned on a monthly basis and has concluded this is appropriate under the new standard. Management fees received in advance are deferred to the applicable period in which the related services are performed.

(1) Summary of Significant Accounting Policies (continued)

(k) Revenue Recognition (continued)

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

(l) Functional Expense Allocation

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

(m) Accounting Pronouncements Issued but Not Yet in Effect

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending December 31, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. This standard will be effective for the Organization's fiscal year ending December 31, 2022.

GCHP is currently assessing the impact of these pronouncement on its consolidated financial statements.

(2) Concentration of Risk

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

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

(3) Liquidity and Availability

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

Financial assets at year end:	2021	2020
Cash and cash equivalents	$ 49,812,925	$ 33,931,100
Accounts and other receivables	6,297,996	7,451,771
Notes receivable	26,982,024	16,117,679
Total financial assets	83,092,945	57,500,550
Less amounts not available to be used within one year for general expenditures:		
Cash restricted for specific uses	35,384,341	25,823,340
Receivables	2,361,503	339,507
Notes receivable	26,968,832	15,685,477
	64,714,676	41,848,324
Financial assets available to meet general expenditures within one year	$ 18,378,269	$ 15,652,226

As part of its liquidity plan, excess cash may be invested in short term investments with maturities of no more than 3 months, including US government securities and certificates of deposit. Funds are invested to ensure full U.S. Federal Deposit Insurance Corporation coverage to the extent permissible by existing loan and/or investor covenants. In addition, GCHP has secured $2.5 million in working capital lines of credit to meet cash flow needs.

(4) Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Land, lots, buildings, and improvements	$ 204,212,658	$ 171,988,024
Construction in progress	78,438,525	41,376,708
Furniture, equipment, and fixtures	7,661,384	6,885,191
	290,312,567	220,249,923
Less accumulated depreciation	(35,184,885)	(30,386,517)
Property and equipment, net	$ 255,127,682	$ 189,863,406

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

Construction in progress represents construction costs incurred by the Organization as of December 31, 2021 and 2020. The Organization entered into several construction contracts totaling $127,196,089 related to projects in process at year end. As of December 31, 2021, the Organization incurred $53,868,490 in construction costs, including retainage.

(5) Notes Receivable

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

	2021	2020
The Elysian, L.L.C. - (East Baton Rouge Parish Redevelopment funds) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	$ 841,100	$ 841,100
The Elysian, L.L.C. - (Office of Community Development funds) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	4,000,000	4,000,000
The Elysian, L.L.C. - (Louisiana Housing Finance Agency funds) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	2,099,930	2,099,930
The Elysian, L.L.C. - (Developer Fee Loan) note receivable with interest rate at 0% per annum; principal is due April 31, 2052. The note is secured by real estate.	352,617	352,617

(5) Notes Receivable

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

	2021	2020
Reconcile New Orleans, Inc. - (Health and Human Services funds) note receivable with interest rate at 0% per annum; principal is due December 31, 2041. The note is secured by real estate.	$ 765,828	$ 765,828
The Muses Ltd 1 - (HOME funds) note receivable with interest rate at 2.75% per annum; principal and accrued interest are due May 31, 2026. The note is secured by real estate.	2,000,000	2,000,000
The Muses Ltd 1 - (Enterprise funds) note receivable with interest rate at 0% per annum; principal is due at the earlier of the sale and/or the refinancing of The Muses Ltd 1 or October 1, 2039.	50,000	50,000
McCaleb Supportive Housing - note receivable with interest rate at 5% per annum; principal and accrued interest are due in monthly installments beginning April 19, 2013 and amortized over 15 years. The outstanding balance of any principal and interest is due at June 17, 2026. The note is secured by real estate.	102,846	115,219
3222 Canal Apartments - (HOME funds) note receivable with interest rate at 0% per annum; principal payment of note will be automatically forgiven upon the later of (i) the expiration of the affordability period set forth in the Grant Agreement and (ii) the payment in full of the Deferred Developer Fee as described in the Development Services Agreement. The note is secured by real estate.	1,000,000	1,000,000
3222 Canal Apartments - (AHP funds) note receivable with interest rate at 0% per annum; principal is due February 26, 2030. The note is secured by real estate.	1,000,000	1,000,000

(5) Notes Receivable (continued)

	2021	2020
Mission Properties Foundation - (CDBG funds) note receivable with interest rate at 0% per annum; the note will be automatically forgiven upon the written acknowledgment by the State of Louisiana office of Community Development. The note is secured by real estate.	$ 1,738,559	$ 1,738,559
Regional Community Finance, LLC - note receivable line of credit with interest rate of 1.0% per annum; principal and interest are due annually commencing on January 1, 2029. All unpaid principal and interest shall be due at maturity on July 1, 2051.	140,828	-
NBC - USA Housing Inc Twenty-Six - (HOME funds) note receivable with interest at 0% per annum; principal is due March 28, 2033.	475,000	475,000
Odyssey House Louisiana - note receivable with interest rate at 0% per annum; principal is due December 2, 2049.	760,316	760,416
unCommon Construction - note receivable with interest rate at 0% per annum; principal is due June 30, 2021. The note is secured by real estate.	-	76,407
Country Club Estates, LP - (AHP funds) note receivable with interest rate at 3.08% per annum; principal is due December 31, 2059. The note is secured by real estate.	500,000	500,000
Odyssey House Louisiana - $1,000,000 note receivable line of credit with an interest rate of 6.50% per annum; interest is due monthly and all unpaid principal and interest are due at maturity on April 29, 2021.	-	342,603
Realtymasters, LLC - $4,850,000 note receivable with an interest rate of 1.16% per annum; interest is due quarterly. Commencing on June 5, 2028, principal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on December 31, 2040.	4,850,000	-

(5) Notes Receivable (continued)

	2021	2020
OCH Commercial, LLC - $6,305,000 notes receivable with an interest rate of 1.31% per annum, interest is due quarterly. Commencing on September 5, 2028, prinicipal and interest payments are due quarterly. All unpaid principal and interest are due at maturity on July 1, 2056.	$ 6,305,000	$ -
Total notes receivable	$ 26,982,024	$ 16,117,679

Accrued interest receivable on the above notes totaled $758,265 and $659,437 as of December 31, 2021 and 2020, respectively. Accrued interest receivable is included in other assets in the consolidated statements of financial position.

(6) Long-Term Debt

Notes payable are generally non-recourse and secured by the respective properties unless otherwise noted. Details of long-term debt are as follows as of December 31:

Corporate Debt	2021	2020
Unsecured acquisition / predevelopment / development loans, bearing interest from 0% to 5.5%, with interest-only payments due monthly/semi-annual/quarterly, with the exception of one loan that has a monthly principal and interest amortization, to be repaid in full at maturity at various dates through 2027. Interest expense was $493,377 and $363,821 in 2021 and 2020, respectively.	$ 14,625,070	$ 10,820,665
Unsecured initial capitalization loan, bearing interest at 3.53%, with interest only payments due monthly, to be paid in full with maturity date of November 1, 2022. Interest expense was $0 and $6,665 in 2021 and 2020, respectively.	-	475,991
Secured, recourse lines of credit, totaling $11,500,000 of available credit for predevelopment/construction financing, bearing interest from 1% to 4.70% payable monthly, with entire principal to be repaid in full at maturity at various dates through 2022. Interest expense was $93,160 and $121,782 in 2021 and 2020, respectively.	4,133,523	3,380,318
Total corporate debt	18,758,593	14,676,974

(6) Long-Term Debt (continued)

Partnership Debt

	2021	2020
Secured, Louisiana state agency loans, bearing interest from 0% to 4.9%, principal and interest payments are payable from property cash flow. To be repaid in full at various dates through 2062. Interest expense was $320,188 and $326,013 in 2021 and 2020, respectively.	$ 55,920,007	$ 42,347,941
Secured, recourse qualified low-income community investment (QLICI) loan, bearing interest from 1% to 4.25% payable monthly. Principal to be repaid in full at maturity or convertible to permanent financing with maturities from 2044 to 2061. Interest expense was $122,078 and $71,008 in 2021 and 2020, respectively.	8,450,302	1,947,000
Secured, recourse acquisition and construction loans, bearing interest at fixed and variable rates from 0.48% to 3.00% payable monthly, with principal to be repaid in full at maturity or convertible to permanent financing with maturities in 2022. Capitalized interest was $316,241 and $93,320 and interest expense was $28,072 and $36,822 in 2021 and 2020, respectively.	27,424,492	13,322,742
Secured, Louisiana state agency loans, bearing 0% interest, forgiven during the compliance period or forgivable or assignable at the end of the compliance period ranging from 5 to 20 years, beginning upon issuance of the conversion certificate or meeting occupancy requirements for the property. In the event of non-compliance, maturity dates range from 2026 to 2047.	7,617,909	7,556,598
Permanent, secured conventional loans, bearing interest from 0% to 7.75%, generally with principal and interest due monthly, to be repaid in full at various dates through 2060. Capitalized interest was $254,423 and $144,539 and interest expense was $1,117,142 and $954,496 in 2021 and 2020, respectively.	45,391,986	38,309,396
Secured, non-recourse, partner loan from pass through rehabilitation financing, bearing interest from 0% to 4.35%, with interest and principal payable from property cash flow. To be repaid in full at December 31, 2058. Interest expense was $40,200 and $101,536 in 2021 and 2020, respectively.	4,827,214	2,202,740
Total partnership debt	149,631,910	105,686,417
Total long-term debt	168,390,503	120,363,391
Less unamortized debt issuance costs	(2,756,067)	(1,644,587)
Total long-term debt, net	$ 165,634,436	$ 118,718,804

(6) Long-Term Debt (continued)

Maturities for long-term debt for the next five years and thereafter are:

2022	$ 37,472,669
2023	4,173,491
2024	738,864
2025	10,330,406
2026	1,140,740
Thereafter	46,975,828
Loans based on cash flow	60,747,221
Forgivable loans	6,811,284
	$ 168,390,503

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

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

Paycheck Protection Program Loan

During the year ended December 31, 2020, GCHP applied for and was approved for a $813,127 loan under the Paycheck Protection Program administered by the Small Business Administration (SBA) as part of the relief efforts related to COVID-19. The loan accrued interest at a fixed rate of 1.00% but payments were not required to begin for seven months after the funding of the loan. The Organization was eligible for forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal Government. In March 2021, the Organization was notified by the SBA that the loan was forgiven.

Interest Rate Swaps Related to Les Maison de Bayou LaFourche, LLC

Les Maison de Bayou LaFourche, LLC, ("Les Maison"), a consolidated subsidiary of GCHP, Inc., entered into a commitment to receive permanent financing with Cedar Rapids Bank and Trust Company in the amount of $962,000, upon maturity of the construction loan. The interest rate will be a fixed rate of 3.94% per annum. The loan will require monthly principal and interest payments until it matures on August 8, 2039. Upon maturity of the loan, Les Maison will pay the outstanding principal balance of the loan and any accrued but unpaid interest. The loan will have a term of 17 years and an amortization of 40 years. The loan will be collateralized by the land and property. As of December 31, 2021, the construction loan has not matured.

(6) Long-Term Debt (continued)

In conjunction with the Permanent Loan commitment, on August 7, 2020, Les Maison entered into a forward-starting interest rate swap contract. Once in effect, this swap contract will convert the variable interest rate to a fixed interest rate on borrowings under the Permanent Loan. This contract becomes effective on August 7, 2022.

(7) New Markets Tax Credits

On January 14, 2021, GCHP, NMTC-2019#1, LLC, a subsidiary of GCHP, Inc., entered into an operating agreement with Realtymasters Investment Fund, LLC. NMTC-2019#1, LLC, was organized as a subsidiary for the purpose of receiving sub-allocations of New Markets Tax Credits ("NMTC") from GCHP, Inc., an Allocatee under the NMTC Program. Pursuant to the Operating Agreement, Realtymasters Investment Fund, LLC, is required to provide capital contributions to the GCHP, NMTC-2019#1, totaling $5,000,000 for a 99.99% membership interest. As of December 31, 2021, Realtymasters Investment Fund, LLC, capital contribution totaled $5,000,000. Of this contribution, $5,000,000 has been designated as a qualified equity investment ("QEI") under the NMTC program.

On January 14, 2021, GCHP, Inc., entered into two separate loan agreements with Realtymasters, LLC, a Qualified Active Low Income Community Business ("QALICB") under the NMTC program, in the amount of $4,850,000. Realtymasters, LLC is to pay this balance at an interest rate of 1.16% with a maturity date of December 31, 2040.

On July 1, 2021, GCHP, NMTC-2019#3, LLC, a subsidiary of GCHP, Inc., entered into an operating agreement with Twain Investment Fund 558, LLC. GCHP, NMTC-2019#3, LLC was organized a subsidiary for the purpose of receiving sub-allocations of NMTC from GCHP, Inc., an Allocatee under the NMTC Program. Pursuant to the Operating Agreement, Twain Investment Fund 558, LLC, is required to provide capital contributions to the GCHP, NMTC-2019#1, totaling $6,500,000 for a 99.99% membership interest. As of December 31, 2021, Twain Investment Fund 558, LLC, capital contribution totaled $6,500,000. Of this contribution, $6,500,000 has been designated as a QEI under the NMTC program.

On July 1, 2021, GCHP, Inc. entered into four separate loan agreements with OCH Commercial, LLC, a QALICB under the NMTC program, to pay GCHP-NMTC-2019#3 a total of $6,305,000. These notes have an interest rate of 1.31% and a maturity date of July 1, 2050.

(8) Commitments and Contingencies

Loan Guarantees

GCHP is contingently liable for a CDBG loan between RCF and State of Louisiana, Office of Community Development. The loan, dated November 27, 2013, was for $1,000,000 of which $783,629 and $817,162 was outstanding at December 31, 2021 and 2020, respectively. The note has an interest rate of 1% per annum. The loan converted to an amortizing note in 2019 and the remaining interest and principal is payable monthly, due November 27, 2043.

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

(8) Commitments and Contingencies (continued)

The notes are dated December 5, 2017 with total principal of $14,215,000. They bear interest rates from 5.75% to 6.09% and are being repaid from 2019 to 2024. The loans had outstanding balances of $7,315,083 and $7,465,015 at December 31, 2021 and 2020, respectively. GCHP is contingently liable for multiple loans between Odyssey House Investment Fund, LLC and RCF. The notes are dated December 5, 2017 with total principal of $10,845,743. They bear interest rates from 1.60% to 6.09% and mature from 2024 to 2038. The loans had outstanding balances totaling $9,858,384 at December 31, 2021 and 2020.

GCHP is contingently liable for a construction loan between Country Club Estates, LP and lenders on the Country Club Estates project. The note is dated April 30, 2019, with total principal of $3,562,766. It bears an interest rate of LIBOR plus applicable margin and matured on April 30, 2022.

Tax Credits

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

(9) Related Party Transactions

Enterprise Community Partners, Inc.

During the years ended December 31, 2021 and 2020, Enterprise Community Partners, Inc. (ECP) awarded GCHP with operating grants. GCHP recorded a total of $512,333 and $2,136,667 on the consolidated statements of activities as grant income for the years ended December 31, 2021 and 2020, respectively. A Vice President of ECP is a board member and related party of GCHP.

The Housing Partnership Network, Inc.

On June 27, 2017, and November 13, 2018, GCHP entered into separate promissory notes with the Housing Partnership Network, Inc. (HPN). The President of HPN is a board member and related party of GCHP. The notes have an interest rate of 4% and 4.5%, respectively. The notes had an outstanding balance of $2,500,000 as of December 31, 2021 and 2020. Interest payments are received until maturity.

Capital Area Alliance for the Homeless

GCHP-Scott, LLC has a loan with the Capital Area Alliance for the Homeless (CAAH). CAAH is a partner in a GCHP consolidated entity. At December 31, 2021 and 2020, the outstanding balance on the loan was $384,000 and the interest rate was 4.35%. Interest payments are received until maturity.

(9) Related Party Transactions (continued)

NBC USA Housing

As disclosed in Note 5, GCHP has loaned funds to NBC USA Housing and its affiliate, McCaleb Supporting Housing, with principal balances of $475,000 as of December 31, 2021 and 2020. The Chairman of the Board of NBC USA Housing is a board member and related party of GCHP.

Regional Community Finance

The President and related party of GCHP is also on the Board of RCF. GCHP MLK Leverage Lender, L.L.C (GCHP MLK) is a subsidiary of RCF. In prior years, GCHP, or its affiliates, entered into notes payable agreements with RCF and GCHP MLK. The notes payable had an outstanding balance of $4,884,691 and $4,970,578 with interest rates ranging from 0.50% to 5% at December 31, 2021 and 2020, respectively.

See Note 7 for disclosure of NMTC transaction with OCH Commercial, LLC, a subsidiary of RCF.

(10) Noncontrolling Interest

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

	Total	Controlling Interest	Noncontrolling Interest
Balance at January 1, 2020	$ 107,264,249	$ 51,521,537	$ 55,742,712
Change in net assets	10,960,925	15,169,395	(4,208,470)
Contributions to subsidiaries by noncontrolling shareholders	9,330,141	-	9,330,141
Change in consolidated net assets	20,291,066	15,169,395	5,121,671
Balance at December 31, 2020	127,555,315	66,690,932	60,864,383
Change in net assets	4,889,088	8,319,977	(3,430,889)
Contributions to subsidiaries by noncontrolling shareholders	26,517,198	-	26,517,198
Change in consolidated net assets	31,406,286	8,319,977	23,086,309
Balance at December 31, 2021	$ 158,961,601	$ 75,010,909	$ 83,950,692

(10) Noncontrolling Interest (continued)

Capital contributions to and distributions from consolidated subsidiaries by noncontrolling interests for the years ended December 31, 2021 and 2020 are as follows:

Subsidiaries	2021	2020
Beau Sejour Apartments, L.P.	$ -	$ (3,693)
Gabriel Villa Apartments, L.P.	-	(2,639)
1626 OCH, LLC	378,014	(8,361)
GCHP-Hammond, L.L.C.	-	(7,294)
GCHP-Mid City	-	(933)
GCHP-Lotus Village	1,275,642	-
GCHP-NMTC-2019#1	5,000,003	-
GCHP-NMTC-2019#2	4,500,000	-
GCHP-NMTC-2019#3	6,487,483	-
GCHP-Country Ridge	1,017,300	-
McKee City Living	600,000	2,232,897
North Park	654,212	1,038,084
Lafourche	-	325,950
Virginia Meadows	1,990,106	3,321,789
Cypress Gardens	-	1,957,341
Progress Park	1,009,763	477,000
1300-OCH	1,950,300	-
H3C	1,453,050	-
Ag-2018	35,000	-
Raymond Road	109	-
Nel Court, LP	166,216	-
Net contributions to subsidiaries	$ 26,517,198	$ 9,330,141

(11) Net Assets with Donor Restrictions

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

	2021	2020
Time and purpose restricted	$ 3,596,066	$ 3,572,500
Time restricted	10,772,516	5,680,000
Total net assets with donor restrictions	$ 14,368,582	$ 9,252,500

(12) Grant Programs

GCHP participates in a number of federal and state programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that GCHP has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits in prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and GCHP.

(13) Subsequent Events

On April 8, 2022, Gulf Coast Housing Partnership, Inc. ("GCHP") closed transactions related to financing for the development and construction of two related rehabilitations of affordable housing and a health care clinic in Jackson, Miss, called "The Pearl". The affordable housing transaction, supported by Low Income Housing Tax Credits and Historic Tax Credits will develop 76 units of affordable housing. The investor for this transaction is Trustmark National Bank, and additional financing is provided directly by GCHP, the Mississippi Home Corporation, the City of Jackson, Hinds County. Indirectly, financing is provided by United Health Care, the Federal Home Loan Bank of Atlanta, and the Federal Home Loan Bank of Dallas. The development budget is $23,077,063. GCHP is the majority member of the managing member. The transaction for the clinic, is supported by New Markets Tax Credits and Historic Tax Credits. The investor for this transaction is Trustmark National Bank, and additional financing is provided by Regional Community Finance, Inc. Indirectly, financing is provided by United Health Care, the Department of Health and Human Services, and Jackson Hinds Comprehensive Health Center. The development budget is $5,242,640. GCHP is the managing member of the Community Development Entity. Gulf Coast Housing Partnership, LLC, a wholly owned subsidiary of GCHP is the developer of both projects.

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, July 29, 2022, and determined that no other events occurred that require disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

GULF COAST HOUSING PARTNERSHIP, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2021

Chief Executive Officer Name: Kathy Laborde

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

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

See accompanying independent auditors' report.

GULF COAST HOUSING PARTNERSHIP, INC.

SINGLE AUDIT REPORT

DECEMBER 31, 2021

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

GULF COAST HOUSING PARTNERSHIP, INC.

SINGLE AUDIT REPORT

DECEMBER 31, 2021

GULF COAST HOUSING PARTNERSHIP, INC.

Single Audit Report

December 31, 2021

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30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

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 and Officers
Gulf Coast Housing Partnership, Inc.

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 Gulf Coast Housing Partnership Inc. (a nonprofit organization) (the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, 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 July 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Postlethwaite & Netterville

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatements, 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 consolidated 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

Purpose of this Report

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

Postlethwaite & Netterville

Metairie, Louisiana
July 29, 2022

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Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Directors and Officers
Gulf Coast Housing Partnership, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gulf Coast Housing Partnership Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Postlethwaite & Netterville

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

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

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

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

We have audited the consolidated financial statements of the Organization as of and for the year ended December 31, 2021, and have issued our report thereon dated July 29, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
July 29, 2022

GULF COAST HOUSING PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title/Grant Name	Federal Assistance Listing Number	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures in 2021
U.S. Department of the Treasury:			
Pass-through program from:			
Community Development Financial Institutions Fund		191CM053469&	
Capital Magnet Fund	21.011	201CM055353	$ 1,520,016
U.S. Department of Housing and Urban Development:			
Direct:			
Multifamily Housing Service Coordinators	14.191	Unknown	47,343
Pass-through program from:			
City of Houston			
Community Development Block Grants/State's			
Program and Non-entitlement Grants in Hawaii	14.228	Unknown	4,888,441

(Continued)

See accompanying notes to the schedule of expenditures of federal awards.

GULF COAST HOUSING PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title/Grant Name	Federal Assistance Listing Number	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures in 2021
Pass-through program from:			
Louisiana Housing Corporation (LHC)			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	PB2018 Project No. 13 CDBG-NDR & CDBG - DR	5,203,544
Total Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228		10,091,985
Total U.S. Department of Housing and Urban Development			10,139,328
Congressional Appropriations:			
Pass-through program from:			
NeighborWorks America			
Social Impact Partnerships to Pay for Results Act (SIPPRA)	21.116.260	G-NONEXT-2020-58395	296,500
		Total Federal Award Expenditures	**$ 11,955,844**

See accompanying notes to the schedule of expenditures of federal awards.

GULF COAST HOUSING PARTNERSHIP, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2021

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of Gulf Coast Housing Partnership, Inc. (the Organization). The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Organization reporting entity is defined in Note 1 to the consolidated financial statements for the year ended December 31, 2021. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other entities. The Schedule presents only a selected portion of the operations of the Organization; it is not intended to and does not present the consolidated financial position, consolidated statement of activities, or consolidated cash flows of the Organization.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's consolidated financial statements for the year ended December 31, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Relationship to Financial Statements

Federal award expenditures of $11,955,844 are reported as follows:

Federal grants	$	1,863,860
Long-term debt proceeds		10,091,984
Total federal expenditures	$	11,955,844

Total federal award expenditures of $1,863,860 are within the federal grant revenue reflected in the consolidated statement of activities. Funding received under the Community Development Block Grant Program which is passed through several State agencies is considered a grant award, and amounts presented on the Schedule represent draw downs on loans provided by the passthrough entity. Since the funding under this program is not a direct loan from the federal awarding agency. they are not presented as loans on the Schedule.

4. Relationship to Federal Financial Reports

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

Gulf Coast Housing Partnership, Inc.

Schedule of Findings and Questioned Costs

Year ended December 31, 2021

1) Summary of Auditors' Results

Financial Statements

a) Type of report issued on the financial statements: Unmodified Opinion

b) Internal control over financial reporting:

Material weakness identified: No

Significant deficiency identified not considered to be material weakness: None reported

Noncompliance material to financial statements noted: No

Federal Awards

c) Internal control over major programs:

Material weakness identified: No

Significant deficiency identified not considered to be material weakness: None reported

d) Type of auditors' report issued on compliance for major programs: Unmodified Opinion

e) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 510(a): No

f) The following is an identification of major programs:

United States Department of Housing and Urban Development
- CFDA No. 14.228 – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Community Development Financial Institutions
- CFDA No. 21.011 – Capital Magnet Fund

g) The dollar threshold used to distinguish between Type A and Type B Programs, as described in the Uniform Guidance was $750,000.

h) Did the auditee qualify as a low-risk auditee under the Uniform Guidance? Yes

Gulf Coast Housing Partnership, Inc.

Schedule of Findings and Questioned Costs

Year ended December 31, 2021

2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

2021-001 Timely Submission of Audit Reports to Legislative Auditor

Criteria:	Under Louisiana statute (LA R.S. 24:513), the Organization is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Legislative Auditor of the State of Louisiana by June 30 of each year.
Condition:	The Organization did not meet the June 30, 2022 deadline for reporting to the State of Louisiana.
Cause:	The financial statement audit was completed before the deadline; however, additional time was needed to provide supporting documentation to complete the Single Audit due to staffing challenges faced by the Organization.
Effect:	The Organization is non-compliant with the state audit law with respect to timeliness of submission.
Recommendation:	We recommend that the Organization implement procedures to ensure that supporting documentation for grant testing can be provided more timely.
Management's Response:	During the latter part of 2021 and the first half of 2022, the Organization and its partners and contractors found themselves understaffed and unable to find personnel to fill open positions in the time needed to allow for a seamless and timely audit process in 2022. We continue to recruit and look at alternative measures and partners to ensure that next year's reporting will be timely.

3) Findings and Questioned Costs relating to Federal Awards:

None

GULF COUST HOUSING PARTNERSHIP, INC.
NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2021

Postlethwaite & Netterville
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GULF COAST HOUSING PARTNERSHIP, INC.
NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2021

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30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

Postlethwaite & Netterville

A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Gulf Coast Housing Partnership, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Management of the Gulf Coast Housing Partnership, Inc., the Entity, 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 LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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.

Postlethwaite & Netterville

Metairie, Louisiana
June 29, 2022

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 25 "we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   We performed the procedure above and noted the following exception:
   - ***Budgeting Policy does not contain sections on monitoring and amending.***

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   No exceptions noted.

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

   No exceptions noted.

   d) ***Receipts/Collections***, including receiving, recording, preparing deposits, and managements actions to determine the completeness of all collections for each type of revenue or agency fund addition(s).

   No exceptions noted.

   e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

   No exceptions noted.

   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.

   No exceptions noted.

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

   We performed the procedure above and noted the following exception:
   - ***Credit Card Policy does not contain a section on required approvers of statements.***

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

   We performed the procedure above and noted the following exception:
   - ***Travel and expense policy does not set specific dollar thresholds by category of expense.***

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Not applicable to non-profit organizations.

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

Not applicable to non-profit organizations.

k) ***Disaster Recovery/ Business Continuity***, including (1) Identification of critical data and frequency 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 all systems, (5) timely application of all available system and software patches/ updates, (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

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

No exceptions noted.

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.

No exceptions noted.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*

No exceptions noted.

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Not applicable – not a governmental entity.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

   A listing of bank accounts was provided and included a total of 48 bank accounts. Management identified the main operating account. No exceptions were noted as a result of performing this procedure.

   From the listing provided, we selected the operating account and 4 other accounts and obtained the bank reconciliations for the month ending April 30, 2021, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

      We performed the procedure above and noted the following exception:
      - ***The bank reconciliation for 1 of the 5 accounts selected for testing was created more than 2 months after the statement closing date.***

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

      We performed the procedure above and noted the following exception:
      - ***No evidence observed that a member of management reviewed the bank reconciliations.***

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

      No exceptions noted.

Collections

4. Obtain a listing of <u>deposit sites</u> 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).

   A listing of deposit sites was provided. No exceptions were noted as a result of performing this procedure.

5. For each deposit site selected, obtain a listing of <u>collection locations</u> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

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

We performed the procedure above and noted the following exception on all 5 samples:

- ***The employee responsible for collections at each rental office is also responsible for preparing and making deposits and reconciling collection documentation.***

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

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

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

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

a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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).

No exceptions noted.

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

No exceptions noted.

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).

The listing of locations that processed payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 locations and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

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

No exceptions noted.

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.

No exceptions noted.

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.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

    From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

    a) Observe that the disbursement matched the related original invoice/billing statement.

       No exceptions noted.

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

       No exceptions noted.

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

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

    A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. 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:

    From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

       We performed the procedure above and noted the following exception:

       - ***Written support indicating the monthly statement was reviewed and approved by someone other than the authorized card holder was unable to be provided for one of the samples selected.***

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

       No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

    We performed the procedure above and noted the following exception:
    - ***For 3 of the 28 transactions selected for testing, supporting receipts were not provided.***

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

14. 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:

    The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

    From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

    a) If reimbursed using a per diem, agree the reimbursement rate to 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 that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

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

    No exceptions noted.

Contracts

15. 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:

    An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

    From the listing provided, we selected all 5 contracts and performed the following procedures.

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

The 5 contracts selected for testing were not subject to Louisiana Public Bid Law.

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

No exceptions noted.

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees selected in procedure #16.

a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

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

c) Observe 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 agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

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

    No exceptions noted.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    No exceptions noted.

Ethics

Item 20 was not included as not applicable to nonprofits.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

    No exceptions noted. State Bond Commission approval is not applicable to nonprofits.

22. 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).

    No exceptions noted.

Fraud Notice

23. 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.

    Management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. 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.

    No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

    We performed the procedure and discussed the results with management.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    We performed the procedure and discussed the results with management.

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

    We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

    Not applicable to non-profit organizations.

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

    Not applicable to non-profit organizations.

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

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

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

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

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

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

Not applicable to non-profit organizations.

Schedule B

Management's Response and Corrective Action Plan:

1a) Budgeting: *Gulf Coast Housing Partnership, Inc. is in the process of updating budgeting policy and will be in line with guidance from LLA with regard to monitoring and amending procedures.*

1g) Credit Cards: *Gulf Coast Housing Partnership, Inc. will update the credit card policy to reflect all measures taken during recording.*

1h) Travel and Expense Reimbursement: *Gulf Coast Housing Partnership, Inc. is reviewing its travel policy and will update it to be in compliance with LLA requirements.*

3a) Bank Reconciliations: *Gulf Coast Housing Partnership, Inc. faced staffing issues in the face of the COVID-19 global pandemic and faced challenges occasionally with timely reconciliation prior to full staffing as of June 2021.*

3b) Bank Reconciliations: *Gulf Coast Housing Partnership, Inc. will update procedures to reflect timely review by management including date and signature.*

5b) Collections: *Gulf Coast Housing Partnership, Inc. is reviewing ways to satisfy segregation of duties with current organization structure and staffing.*

12a) Credit Cards/Debit Cards/Fuel Cards/P-Cards: *Gulf Coast Housing Partnership, Inc. will update the credit card policy to have the accounting team review and approve in addition to the CEO.*

13) Credit Cards/Debit Cards/Fuel Cards/P-Cards: *Gulf Coast Housing Partnership, Inc. is working to ensure all support for credit card transactions are preserved and available to review upon submission of credit card payment.*