Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

December 31, 2018

JERICHO ROAD
EPISCOPAL HOUSING INITIATIVE

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules (Schedules 1 through 6) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements of the Organization. The supplementary information in Schedule 7 is presented for purposes of additional analysis, is required by Louisiana Revised Statute 24:513(A)(3), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 consolidated financial statements, and our report dated June 19, 2018, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 11, 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

December 31, 2018
(with comparative totals for 2017)

ASSETS

	2018	2017 (As Restated)
Current Assets		
Cash and cash equivalents	$ 276,215	$ 746,069
Grants receivable	35,674	116,042
Interest receivable	189,466	138,843
Other receivables	5,115	4,750
Inventory	1,138,489	1,086,025
Total current assets	1,644,959	2,091,729
Property and Equipment		
Office equipment	10,267	12,303
Furniture and fixtures	31,194	31,194
Vehicles	25,714	29,714
Less accumulated depreciation	(62,913)	(66,918)
Total property and equipment, net	4,262	6,293
Other Assets		
Note receivable	1,336,934	1,336,934
Soft second mortgage loans receivable, net	265,915	255,188
Investment in community project	59,216	59,216
Prepaid expenses	27,427	28,069
Total other assets	1,689,492	1,679,407
Total assets	$ 3,338,713	$ 3,777,429

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2018	2017 (As restated)
Current Liabilities		
Accounts payable	$ 70,652	$ 25,059
Accrued expenses	29,336	25,227
Accrued interest payable	188,227	137,604
Total current liabilities	288,215	187,890
Noncurrent Liabilities		
Long-term debt, net of current portion	2,679,887	2,764,867
Less deferred loan costs, net	(137,680)	(143,010)
Total noncurrent liabilities	2,542,207	2,621,857
Total liabilities	2,830,422	2,809,747
Net Assets		
Without donor restrictions	144,857	582,748
With donor restrictions	363,434	384,934
Total net assets	508,291	967,682
Total liabilities and net assets	$ 3,338,713	$ 3,777,429

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	2018			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2017 Totals
Support and Revenue				
Sales of homes	$ 448,830	$ -	$ 448,830	$ 533,015
Grant income	383,004	3,500	386,504	505,964
Contributions	59,987	-	59,987	28,351
In-kind support	175,701	-	175,701	155,133
Interest income	48,856	-	48,856	48,850
Miscellaneous income	16,996	-	16,996	3,200
Property development income	8,164	-	8,164	2,323
Net assets released from restrictions satisfaction of restrictions	25,000	(25,000)	-	-
Total support and revenue	1,166,538	(21,500)	1,145,038	1,276,836
Expenses				
Cost of homes sold:				
Inventory cost	560,091	-	560,091	690,011
Closing costs paid by seller	3,888	-	3,888	3,131
Total cost of homes sold	563,979	-	563,979	693,142
Administrative expenses	477,955	-	477,955	325,585

	2018			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2017 Totals
Expenses (Continued)				
Program expenses:				
Marketing/fund development	74,061	-	74,061	173,103
Home development	293,832	-	293,832	169,027
Vacant land management	78,763	-	78,763	92,059
Community engagement	115,839	-	115,839	112,565
Total program expenses	562,495	-	562,495	546,754
Total expenses	1,604,429	-	1,604,429	1,565,481
Change net assets	(437,891)	(21,500)	(459,391)	(288,645)
Net Assets				
Beginning of year, as restated	582,748	384,934	967,682	1,120,940
Net asset acquisitions at November 1, 2017	-	-	-	135,387
End of year	$ 144,857	$ 363,434	$ 508,291	$ 967,682

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	Program Expenses				Total			Totals	
	Cost of Homes Sold	Home Development	Vacant Land Management	Community Engagement	Program Expenses	General and Administrative	Marketing/ Fundraising	2018	2017
Advertising and marketing	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,647	$ 3,647	$ 8,145
Amortization	-	-	-	-	-	42,088	-	42,088	40,765
Bank fees	-	-	-	-	-	5,024	-	5,024	3,949
Business registration fees	-	-	-	-	-	175	-	175	480
Community promotions	-	-	-	12,400	12,400	-	-	12,400	11,970
Community development contract labor	-	-	-	30,000	30,000	-	1,950	31,950	25,000
Computer software and equipment	-	-	-	-	-	2,864	-	2,864	5,532
Continuing education	-	-	-	-	-	2,915	-	2,915	764
Cost of homes sold	563,979	-	-	-	563,979	-	-	563,979	693,142
Depreciation	-	-	-	-	-	1,797	-	1,797	1,404
Fundraising	-	-	-	-	-	-	9,116	9,116	9,360
Loss on disposal of assets	-	-	-	-	-	234	-	234	-
Home development	-	5,144	-	-	5,144	30,879	-	36,023	14,397
Insurance	-	-	-	-	-	62,818	-	62,818	11,164
Interest	-	-	-	-	-	94,149	-	94,149	83,625
Miscellaneous	-	-	-	-	-	-	-	-	993
Office supplies	-	2,495	-	-	2,495	7,802	-	10,297	2,835
Organizational planning	-	-	-	-	-	29,900	-	29,900	10,254
Owner occupied rehab	-	-	-	-	-	-	-	-	55,197
Payroll taxes	-	-	-	-	-	15,314	-	15,314	19,989
Postage	-	-	-	-	-	-	-	-	320
Printing and copying	-	1,020	-	405	1,425	2,985	528	4,938	5,697
Professional fees	-	-	-	-	-	45,365	-	45,365	45,607
Rent	-	9,330	3,168	3,372	15,870	4,693	5,837	26,400	26,400
Salaries and benefits	-	158,490	63,856	17,342	239,688	118,396	51,520	409,604	312,033
Salaries and benefits in-kind	-	114,010	9,371	52,320	175,701	-	-	175,701	154,783
Telephone expense	-	-	-	-	-	10,546	-	10,546	373
Travel and meetings	-	3,343	-	-	3,343	11	1,463	4,817	5,592
Utilities	-	-	-	-	-	-	-	-	9,253
Vacant land management	-	-	2,368	-	2,368	-	-	2,368	6,458
	$563,979	$293,832	$78,763	$115,839	$1,052,413	$477,955	$ 74,061	$1,604,429	$1,565,481

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	$ (459,391)	$ (288,645)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,797	1,404
Amortization	42,088	40,765
Loss on homes sold	115,149	160,127
Loss on disposal of property and equipment	234	-
Cash received at acquisition	-	77,794
(Increase) decrease in operating assets:		
Grants receivable	80,368	(59,759)
Interest receivable	(50,623)	(33,685)
Other receivables	(365)	-
Prepaid expenses	642	35,211
Increase (decrease) in operating liabilities:		
Accounts payable	45,593	(78,970)
Accrued expenses	4,109	(6,267)
Accrued interest payable	50,623	32,654
Net cash used in operating activities	(169,776)	(119,371)

Exhibit D
(Continued)

	2018	2017
Cash Flows From Investing Activities		
Proceeds from homes sold	444,942	529,884
Cost of home/lot purchased for construction	(612,555)	(801,577)
Net cash used in investing activities	(167,613)	(271,693)
Cash Flows From Financing Activities		
Payments on long-term debt	(84,980)	(132,133)
Soft second mortgages granted	(47,485)	-
Net payments on line of credit loan	-	(144,785)
Net cash used in financing activities	(132,465)	(276,918)
Net Decrease In Cash and Cash Equivalents	(469,854)	(667,982)
Cash and Cash Equivalents		
Beginning of year	746,069	1,414,051
End of year	$ 276,215	$ 746,069
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest during the year	$ 43,526	$ 50,971

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

December 31, 2018 and 2017

Note 1 - NATURE OF ACTIVITIES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates (the "Organization") is a neighborhood-based non-profit organization that was formed as a tax exempt organization in March 2006. It is located in New Orleans, Louisiana, and the initial and sole member of the Organization was the Diocese of the Episcopal Church of Louisiana (the "Diocese"). In October 2011, sole membership was assigned and conveyed by the Diocese to Christ Church Corporation, a Louisiana non-profit religious corporation. The primary purpose of the Organization is to provide healthy and energy efficient affordable housing opportunities in New Orleans neighborhoods for working families and individuals.

The Organization works with other non-profit organizations, businesses, governmental agencies, and neighborhood residents to create and maintain a stable and thriving community. Long-term housing strategies include new construction and rehabilitation of existing owner-occupied homes. The Organization is supported primarily through contributions and grants.

On October 8, 2014, Jericho QALICB, L.L.C., (QALICB) was established as a non-profit corporation to operate exclusively for the benefit of the Organization and to support the charitable and social purposes of the Organization and specifically to facilitate the New Markets Tax Credit transaction as described in Note 11. Upon dissolution of the QALICB, all of its assets, in excess of those necessary to liquidate its outstanding liabilities, shall be and becomes the property of the Organization.

On November 1, 2017, the Organization became the sole member of Project Homecoming, Inc. ("Project Homecoming") (See Note 4). Project Homecoming is a faith-based community development non-profit organization, established in April 2010, building resilient neighborhoods in the greater New Orleans area. Project Homecoming is committed to facilitating a culture of care in targeted communities through safe, durable, affordable, and environmentally sensitive construction, community driven partnerships, service, and fellowship.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Organization is a non-profit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of R.S. 47.121(5).

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2018, management believes the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2015 and later remain subject to examination by the taxing authorities.

b. Basis of Accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

c. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that impact certain reported amounts and disclosures. Actual results could differ from those estimates.

d. Basis of Presentation

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

Net Assets without Donor Restrictions - Resources that are available to support the general operations of the Organization.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation (Continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or net assets that are maintained permanently by the Organization.

e. Principles of Consolidation

The accompanying consolidated financial statements show the combined assets, liabilities and transactions of the Jericho Road Episcopal Housing Initiative, L.L.C., QALICB, and Project Homecoming, Inc. All intercompany transactions and resulting balances accounts have been eliminated in the consolidated financial statements.

f. Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Organization considers all short-term highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

g. Inventory

All direct material, labor, and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs are recorded as inventory on the Consolidated Statement of Financial Position as they are incurred. Land costs included in inventory are stated at cost or fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the Consolidated Statement of Activities.

h. Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes all costs with an estimated useful life greater than one year and an original cost in excess of $1,500. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property and Equipment (Continued)

Depreciation is provided principally on the straight-line method, over the following estimated useful lives:

	Years
Office equipment	5
Furniture and fixtures	5-20
Vehicles	5

i. Soft Second Mortgage Loans Receivable

Soft second mortgage loans receivable consists of non-interest bearing forgivable loans secured by real estate. No repayment is required unless the borrower fails to maintain ownership of the property and resides in it as his/her principal place of residency for the duration of the applicable period of affordability, which is 15 years. In the event the borrower ceases to occupy the property, the entire amount of the loan, less any portion earned by the borrower, will be due and payable.

The borrower will earn a portion of the loan for each month that he/she owns and resides in the property as his/her principal place of residency. The borrower will earn the loan on a pro-rata basis for each month of ownership and occupancy as measured against the period of affordability.

The Organization records the earned portion on a straight-line basis. The amortization expense is included in administrative expenses in the Consolidated Statement of Activities and Changes in Net Assets.

Soft second mortgage loans receivable totaled $265,915 and $255,188, net of amortization of $313,118 and $305,053 as of December 31, 2018 and 2017, respectively.

j. Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on existing economic conditions and the financial stability of home buyers. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible and establishes an allowance for estimated uncollectible receivables. No allowance was deemed necessary as of December 31, 2018 and 2017.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Revenue Recognition

Revenue is recognized upon the sale of homes.

Contributions are recorded as contributions without donor restrictions, or contributions with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as contributions without donor restrictions.

l. In-kind Support

The Organization records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support for the years ended December 31, 2018 and 2017 consisted of $175,701 and $155,133 in donated goods and services, respectively. Salaries and benefits include $175,701 and $154,783 of this in-kind support for the years ended December 31, 2018 and 2017, respectively.

m. Methods Used For Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include community promotions, community development contract labor, home development, salaries and benefits, salaries and benefits in-kind which are allocated on the basis of estimates of time and effort. All other expenses are allocated based on direct identification of expense related to each function.

n. Land Development Costs

Costs that relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Warranties

The Organization provides a new home warranty in the deed of trust on the sale of new homes as required by the State of Louisiana's New Warranty Act. The warranty is for one year and is generally for defects in materials and workmanship. The Organization did not record a warranty liability because the subcontractor furnishes a warranty. The Organization would only be liable if the subcontractor fails to honor their warranty.

p. Advertising and Marketing

The Organization uses advertising and marketing to promote its programs. Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses for the years ended December 31, 2018 and 2017 totaled $3,647 and $8,145, respectively.

q. Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with restrictions and net assets without restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Recently Issued Accounting Standards (Continued)

Presentation of Financial Statements for Not-for-Profit Entities (Continued)

eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended December 31, 2017.

Statement of Cash Flows

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*. ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU No. 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers,* which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is now effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

r. Reclassifications

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation.

s. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 11, 2019.

Note 3 - RESTATEMENT

During the year ended June 30, 2018, it was discovered that property with a cost of $20,600 owned by Project Homecoming, Inc. was expensed in a previous year and not capitalized. The following table presents this correction.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets Acquired
Net asset acquisition as of November 1, 2017, as previously reported	$114,787	$ -	$114,787
Net asset correction:			
Inventory	20,600	-	20,600
Net asset acquisition as of November 1, 2017, as restated	$135,387	$ -	$135,387

Note 4 - ACQUISITIONS

On November 1, 2017, the Organization acquired 100% of Project Homecoming, Inc., a faith-based community development non-profit organization (See Note 1).

The assets of Project Homecoming, Inc. were recorded at their respective estimated fair values as of the date of the acquisition using generally accepted accounting principles for business combinations. There were no significant adjustments made to conform the individual accounting policies of the Organization and Project Homecoming or to eliminate intra-entity balances.

This acquisition was completed in order to take advantage of economies of scale associated with growing the Organization and based on the significant similarities in the mission and operations of both entities.

Note 4 - ACQUISITIONS (Continued)

The following table summarizes the estimated fair values of Project Homecoming's assets acquired.

Assets	
Cash	$ 77,794
Other receivables	6,283
Inventory, as previously stated	162,594
Property and equipment, net (restated)	23,470
Prepaid expenses	51,956
Total assets	322,097
Liabilities	
Accounts payable	15,043
Accrued expenses	26,882
Line of credit loan	144,785
Total liabilities	186,710
Net asset acquisition as of November 1, 2017, as previously stated	$ 135,387

Note 5 - LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization is substantially supported by restricted contributions and grants. Because a donor's or grantor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors and grantors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

Note 5 - LIQUIDITY AND AVAILABILITY OF ASSETS (Continued)

The following table represents financial assets available for general expenditures within one year as of December 31, 2018:

Financial assets:	
Cash and cash equivalents	$276,215
Grants receivable	35,674
Interest receivable	189,466
Other receivables	5,115
Total financial assets, as of December 31, 2018	506,470
Less amounts not available to be used within one year, due to:	
Contractual or donor imposed restrictions:	
Purpose restricted net assets	(363,434)
Financial assets available to meet general expenditures within one year	$143,036

Note 6 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains deposits with local financial institutions. Accounts at these institutions are insured by the U.S. Federal Deposit Insurance Corporation up to $250,000 per account. The balances at times may exceed federally insured limits. As of December 31, 2018, there was approximately $4,000 in excess of insured amounts.

Note 7 - LIMITED USE ASSETS

Pursuant to the New Markets Tax Credit Financing Commitment as described in Note 11, the Organization is required to maintain funding in separate bank accounts until construction related disbursements are approved by the lending financial institution. These funds are held for home construction. The amount of cash held as of December 31, 2018 and 2017 totaled $16,962 and $385,690, respectively.

Note 8 - INVENTORY

Inventory activity for the years ended December 31, 2018 and 2017 consisted of the following components:

Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Project Homecoming Acquisition	Balance End of Year
2018							
Lots available for development	25	$ 369,772	$ 22,912	$ -	$ 76,515	$ -	$ 469,199
Construction-in-progress	3	469,707	171,885	-	(365,332)	-	276,260
Completed homes	2	225,946	313,773	456,106	288,817	-	372,430
Project Homecoming	1	20,600	-	-	-	-	20,600
Totals		$1,086,025	$508,570	$456,106	$ -	$ -	$1,138,489

Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Project Homecoming Acquisition	Balance End of Year
2017							
Lots available for development	18	$ 358,922	$ -	$ -	$ 10,850	$ -	$ 369,772
Construction-in-progress	7	432,343	733,786	459,626	(236,796)	-	469,707
Completed homes	1	-	-	-	225,946	-	225,946
Project Homecoming	1	-	67,791	233,516	-	186,325	20,600
Totals		$ 791,265	$801,577	$693,142	$ -	$186,325	$1,086,025

Inventories are stated at cost plus the estimated fair value of donated land and furniture at the time of donation.

Note 9 - INVESTMENT IN COMMUNITY PROJECT

Investment in Community Project is stated at cost. This investment represents costs incurred on a project to develop a community park. The property is owned by the City of New Orleans and the Organization's plan is to enter into an agreement with the City, solicit grants and/or funds and direct the development of this property into a community park for the benefit of homeowners in the area.

Note 10 - NOTE RECEIVABLE

On October 16 2014, the Organization issued a note receivable to FNBC NMTC Hybrid Fund, L.L.C., and (the "Fund") as a part of the New Markets Tax Credit Financing Transaction described in Note 11. The Fund was taken over by Advantage Capital Partners during the year ended December 31, 2017 due to FNBC going into receivership.

Note 10 - NOTE RECEIVABLE (Continued)

The note carries an interest rate of 3.653883%, interest is payable quarterly. Beginning December of 2020, principal and interest payments will be due quarterly until maturity on September 25, 2043. The note receivable is secured with the assets of the Fund. The note receivable is pledged as security for the note payable to Advantage Capital Partners described in Note 14. As of December 31, 2018 and 2017, the carrying value of the note was $1,336,934. Interest income earned relating to the note was $48,856 for both the years ended December 31, 2018 and 2017.

Note 11 - NEW MARKETS TAX CREDIT

On October 16 2014, the Company executed a New Markets Tax Credit Financing Transaction with First NBC (see Note 14) to fund the purchase and renovation of low-income housing in New Orleans (the "Project"). The Project was taken over by Advantage Capital Partners during the year ended December 31, 2017 due to FNBC going into receivership. The structure will realize benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund (CDFI), a branch of the U.S. Department of Treasury, and from the State of Louisiana New Markets Tax Credit Program. The transaction includes multiple loans from Advantage Capital Partners totaling $2 million toward the Project, as described in Note 14.

Note 12 - LINE OF CREDIT

At the date of acquisition, Project Homecoming, Inc. maintained a bank line of credit with a maturity date of July 19, 2017. The balance at the date of acquisition was $144,785. Interest on the line of credit accrued at the Wall Street Journal prime rate + 1% or a minimum of 6.0%. The line of credit was not renewed. The balance of this line of credit was paid in full during 2017.

Note 13 - DEFERRED LOAN COSTS

Certain costs related to the New Markets Tax Credit Financing Commitment and other financing costs have been capitalized and are being amortized over the estimated life of the related notes payable. Financing and loan acquisition costs totaled $159,886 as of December 31, 2018 and 2017. Accumulated amortization totaled $22,206 and $16,876 as of December 31, 2018 and 2017, respectively. Estimated future amortization is as follows:

Note 13 - DEFERRED LOAN COSTS (Continued)

Year Ending December 31,	
2019	$ 5,330
2020	5,330
2021	5,330
2022	5,330
2023	5,330
Thereafter	111,030
Total	$137,680

Note 14 - NOTES PAYABLE

Notes payable as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Note payable to Advantage Capital Partners (Formerly payable to FNBC Sub-CDE #20, L.L.C.), executed on October 16, 2014 , bearing interest at 2.4425%, interest payable quarterly, with principal payments beginning December 15, 2021, due September 15, 2043, secured by the Organization's disbursement fund at Whitney Bank.	$1,336,934	$1,336,934
Note payable to Advantage Capital Partners (Formerly payable to FNBC Sub-CDE #20, L.L.C.), executed on October 16, 2014 , bearing interest at 2.4425%, interest payable quarterly, with principal payments beginning December 15, 2021, due September 15, 2043, secured by the Organization's disbursement fund at Whitney Bank.	663,066	663,066

Note 14 - NOTES PAYABLE (Continued)

	2018	2017
Note payable to Hancock Whitney Bank, executed October 16, 2014, bearing interest at 5.0%, interest payable with a balloon payment due February 1, 2020, secured by a loan the Organization made to Advantage Capital Partners.	679,887	764,867
Totals	$2,679,887	$2,764,867

Interest expense on the notes payable totaled $94,149 and $83,625 for the years ended December 31, 2018 and 2017, respectively.

The maturities of long-term debt are as follows:

Year Ending December 31,	
2020	$ 679,887
2021	2,000,000
Total	$2,679,887

Beginning on October 16, 2021, the Fund, has the right to require the Organization to purchase its interest in the investment fund entity used to facilitate the New Markets Tax Credit transaction, executed on October 16, 2014 and described in Note 11, for $1,000, any outstanding closing costs and management fees due to the investment fund entity, and any recaptured New Markets Tax Credit (see Note 23). The Fund has 180 days to exercise its put option. Should the Fund not exercise its put option, the Organization has the right to exercise its call option, commencing the first day after the expiration of the put options and six months thereafter, to purchase the Fund's interest in the investment fund entity at fair market value.

Note 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted by donors for specific purposes or are available for subsequent periods. These restrictions are considered to expire when payments for the restricted purposes or period are made. There were no assets restricted for a subsequent period as of December 31, 2018 and 2017.

Note 15 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions as of December 31, 2018 and 2017 are available for the following purpose:

	2018	2017
Home purchases and construction	$363,434	$384,934

Note 16 - GRANTS

During the years ended December 31, 2018 and 2017, the following grants were awarded to the Organization:

Grantor	Amount	Period
2018		
City of New Orleans - HOME Funds*	$159,519	October 26, 2013 through October 31, 2018
Federal Home Loan Bank of Dallas	53,540	January 1, 2018 through December 31, 2018
Enterprise Community Partners, Inc.	45,709	January 1, 2018 through December 31, 2018
Capital One	25,000	January 1, 2018 through December 31, 2018
Greater New Orleans Foundation	25,000	January 1, 2018 through December 31, 2018
United Way of Greater New Orleans	25,000	January 1, 2018 through December 31, 2018
Louisiana Housing Corporation	23,236	January 1, 2018 through December 31, 2018
Public Allies	15,000	January 1, 2018 through December 31, 2018
Other miscellaneous	11,000	January 1, 2018 through December 31, 2018
Prosperity Now	3,500	October 1, 2017 through April 1, 2018
Total	$386,504	
2017		
City of New Orleans - HOME Funds*	$404,360	October 26, 2013 through October 31, 2018
Prosperity Now	28,000	October 1, 2017 through April 1, 2018
Capital One	27,500	January 1, 2017 through December 31, 2017
Whitney Bank	7,950	January 1, 2017 through December 31, 2017
Neighborhood Housing Services of New Orleans	7,000	January 1, 2017 through December 31, 2017
The Power Coalition	5,772	January 1, 2017 through December 31, 2017
Wells Fargo Foundation	5,000	January 1, 2017 through December 31, 2017
Greater New Orleans Foundation	5,000	January 1, 2017 through December 31, 2017
Other miscellaneous	15,382	January 1, 2017 through December 31, 2017
Total	$505,964	

*Reimbursable grant awarded in 2013. Revenue is recorded when expenses are incurred.

Note 16 - GRANTS (Continued)

	December 31, 2018	December 31, 2017
Grants receivable:		
City of New Orleans - HOME funds	$19,965	$116,042
Enterprise Community Partners	15,709	-
Totals	$35,674	$116,042

Management believes that the grants receivable are fully collectible as of December 31, 2018 and 2017.

Note 17 - HOMES SOLD

During the year ended December 31, 2018, two homes were sold to qualifying applicants. During the year ended December 31, 2017, three homes were sold to qualifying applicants.

	2018	2017
Homes sold	$448,830	$533,015
Less due to seller	(3,888)	(3,131)
Homes sold, net proceeds	444,942	529,884
Cost of homes sold	563,979	693,142
Less due to seller	(3,888)	(3,131)
Costs of homes sold, net	560,091	690,011
Net loss on homes sold	$115,149	$160,127

Note 18 - LEASE

During the years ended December 31, 2018 and 2017, the Organization leased office space under a month-to-month lease agreement from Christ Church Corporation. Monthly rent for the lease totaled $2,200. Rent expense related to the lease totaled $26,400 for both the years ended December 31, 2018 and 2017.

Note 19 - PENSION PLAN

The Organization, as an eligible sponsoring employer, participates in the Episcopal Church Lay Employees' Defined Benefit Plan. The plan is administered by the Church Pension Fund. The Organization contributes 9% of each employee's base pay. Pension expenses totaled $18,225 and $20,475 for the years ended December 31, 2018 and 2017, respectively, and covered current service costs.

The actuarial information for the plan as of March 31, 2018 and 2017 indicates that it is in compliance with the Employee Retirement Security Act (ERISA) regulations regarding funding. The assumed interest rate used in determining actuarial present values of accumulated benefits was 3.875% and 4.125% for the years ended December 31, 2018 and 2017, respectively. There were no changes in the actuarial assumption or the treatment of actuarial gains and losses. The actuarial valuation includes all plan amendments as of March 31, 2018.

Note 20 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2018 and 2017, board members and staff of the Organization made contributions totaling $2,525 and $5,466, respectively.

For the years ended December 31, 2018 and 2017, the Organization rented office space from Christ Church Corporation (see Note 18).

Note 21 - MAJOR VENDORS

During the years ended December 31, 2018 and 2017, the Organization incurred $349,097 and $588,696, respectively, of construction expense from one major vendor which accounted for approximately 74% and 80%, respectively, of total construction expenses.

Note 22 - MAJOR GRANTORS

During the year ended December 31, 2018, the Organization received a substantial portion of its grant income from one major grantor totaling $159,519, which accounted for 41% of grant income.

During the year ended December 31, 2017, the Organization received a substantial portion of its grant income from one major grantor totaling $404,360, which accounted for 80% of grant income.

Note 23 - COMMITMENTS

If there is a breach of the loan agreements between the Organization and Advantage Capital Partners, the Community Development Financial Institutions are required to recapture all or part of the New Markets Tax Credit claimed. The Organization has agreed to pay to the Community Development Financial Institutions an amount equal to the sum of the credits recaptured. The maximum aggregate amount due under the clauses in the agreement governing these possible recaptures is $780,000 (see Notes 11 and 14). Management believes there are no breaches of these agreements as of December 31, 2018.

On June 15, 2018, the Organization entered into contracts totaling approximately $420,000 for the construction of two homes in New Orleans, Louisiana. As of December 31, 2018, $340,542 had been billed for the two homes, of which one of these homes was completed during the year.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

New Orleans, Louisiana

December 31, 2018

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Current Assets				
Cash and cash equivalents	$ 248,980	$ 16,962	$ 10,273	$ 276,215
Grants receivable	35,674	-	-	35,674
Interest receivable	189,466	-	-	189,466
Other receivables	-	-	5,115	5,115
Inventory	1,117,889	-	20,600	1,138,489
Total current assets	1,592,009	16,962	35,988	1,644,959
Property and Equipment				
Office equipment	1,826	-	8,441	10,267
Furniture and fixtures	14,681	-	16,513	31,194
Vehicles	-	-	25,714	25,714
Less accumulated depreciation	(13,158)	-	(49,755)	(62,913)
Total property and equipment, net	3,349	-	913	4,262
Other Assets				
Note receivable	1,336,934	-	-	1,336,934
Soft second mortgage loans receivable, net of accumulated amortization of $313,118 as of December 31, 2018	265,915	-	-	265,915
Investment in community project	59,216	-	-	59,216
Prepaid expenses	11,040	-	16,387	27,427
Total other assets	1,673,105	-	16,387	1,689,492
Total assets	$ 3,268,463	$ 16,962	$ 53,288	$ 3,338,713

LIABILITIES AND NET ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Current Liabilities				
Accounts payable	$ 69,812	$ -	$ 840	$ 70,652
Accrued expenses	4,612	-	24,724	29,336
Accrued interest	188,227	-	-	188,227
Total current liabilities	262,651	-	25,564	288,215
Noncurrent Liabilities				
Long-term debt, net of current maturities	679,887	2,000,000	-	2,679,887
Less deferred loan costs, net	-	(137,680)	-	(137,680)
Total noncurrent liabilities	679,887	1,862,320	-	2,542,207
Total liabilities	942,538	1,862,320	25,564	2,830,422
Net Assets				
Without donor restrictions	1,962,491	(1,845,358)	27,724	144,857
With donor restrictions	363,434	-	-	363,434
Total net assets	2,325,925	(1,845,358)	27,724	508,291
Total liabilities and net assets	$ 3,268,463	$ 16,962	$ 53,288	$ 3,338,713

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

New Orleans, Louisiana

December 31, 2017

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc. (Restated)	Totals (As Restated)
Current Assets				
Cash and cash equivalents	$ 342,677	$ 385,690	$ 17,702	$ 746,069
Grants receivable	116,042	-	-	116,042
Interest receivable	138,843	-	-	138,843
Other receivables	4,750	-	-	4,750
Inventory	1,065,425	-	20,600	1,086,025
Total current assets	1,667,737	385,690	38,302	2,091,729
Property and Equipment				
Office equipment	3,386	-	8,917	12,303
Furniture and fixtures	14,681	-	16,513	31,194
Vehicles	4,000	-	25,714	29,714
Less accumulated depreciation	(17,962)	-	(48,956)	(66,918)
Total property and equipment, net	4,105	-	2,188	6,293
Other Assets				
Note receivable	1,336,934	-	-	1,336,934
Soft second mortgage loans receivable, net of accumulated amortization of $305,053 as of December 31, 2017	255,188	-	-	255,188
Investment in community project	59,216	-	-	59,216
Prepaid expenses	10,711	-	17,358	28,069
Total other assets	1,662,049	-	17,358	1,679,407
Total assets	$ 3,333,891	$ 385,690	$ 57,848	$ 3,777,429

LIABILITIES AND NET ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc. (Restated)	Totals (As Restated)
Current Liabilities				
Accounts payable	$ 20,172	$ -	$ 4,887	$ 25,059
Accrued expenses	4,613	-	20,614	25,227
Accrued interest	137,604	-	-	137,604
Total current liabilities	162,389	-	25,501	187,890
Noncurrent Liabilities				
Long-term debt	764,867	2,000,000	-	2,764,867
Less deferred loan costs, net	-	(143,010)	-	(143,010)
Total noncurrent liabilities	764,867	1,856,990	-	2,621,857
Total liabilities	927,256	1,856,990	25,501	2,809,747
Net Assets				
Without donor restrictions	2,021,701	(1,471,300)	32,347	582,748
With donor restrictions	384,934	-	-	384,934
Total net assets	2,406,635	(1,471,300)	32,347	967,682
Total liabilities and net assets	$ 3,333,891	$ 385,690	$ 57,848	$ 3,777,429

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Support and Revenue				
Homes sold	$ 448,830	$ -	$ -	$ 448,830
Grant income	361,504	-	25,000	386,504
Contributions	59,036	-	951	59,987
In-kind support	175,701	-	-	175,701
Interest income	48,856	-	-	48,856
Miscellaneous income	3,388	-	13,608	16,996
Property development income	7,926	-	238	8,164
Transfers in/out	300,327	(300,327)	-	-
Total support and revenue	1,405,568	(300,327)	39,797	1,145,038
Expenses				
Cost of homes sold:				
Inventory costs	542,209	-	17,882	560,091
Closing costs paid by seller	3,888	-	-	3,888
Total costs of homes sold	546,097	-	17,882	563,979
Administrative expenses	377,686	73,731	26,538	477,955
Program expenses:				
Marketing/fund development	74,061	-	-	74,061
Home development	293,832	-	-	293,832
Vacant land management	78,763	-	-	78,763
Community engagement	115,839	-	-	115,839
Total program expenses	562,495	-	-	562,495
Total expenses	1,486,278	73,731	44,420	1,604,429
Change net assets	(80,710)	(374,058)	(4,623)	(459,391)
Net Assets				
Beginning of year, restated	2,406,635	(1,471,300)	32,347	967,682
End of year	$ 2,325,925	$ (1,845,358)	$ 27,724	$ 508,291

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2017

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc. (Restated)	Totals
Support and Revenue				
Homes sold	$ 370,000	$ -	$ 163,015	$ 533,015
Grant income	501,797	-	4,167	505,964
Contributions	28,351	-	-	28,351
In-kind support	155,133	-	-	155,133
Interest income	48,850	-	-	48,850
Miscellaneous income	3,200	-	-	3,200
Property development income	-	-	2,323	2,323
Transfers in/out	562,831	(562,831)	-	-
Total support and revenue	1,670,162	(562,831)	169,505	1,276,836
Expenses				
Cost of homes sold:				
Inventory costs	478,319	-	211,692	690,011
Closing costs paid by seller	3,131	-	-	3,131
Total costs of homes sold	481,450	-	211,692	693,142
Administrative expenses	200,754	74,178	50,653	325,585
Program expenses:				
Marketing/fund development	173,093	-	10	173,103
Home development	158,837	-	10,190	169,027
Vacant land management	92,059	-	-	92,059
Community engagement	112,565	-	-	112,565
Total program expenses	536,554	-	10,200	546,754
Total expenses	1,218,758	74,178	272,545	1,565,481
Change net assets	451,404	(637,009)	(103,040)	(288,645)
Net Assets				
Beginning of year, as restated	1,955,231	(834,291)	-	1,120,940
Net asset acquisitions at November 1, 2017	-	-	135,387	135,387
End of year	$ 2,406,635	$ (1,471,300)	$ 32,347	$ 967,682

Schedule 5

CONSOLIDATING STATEMENT OF EXPENSES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Expenses				
Advertising and marketing	$ 3,647	$ -	$ -	$ 3,647
Amortization	36,759	5,329	-	42,088
Bank fees	4,941	-	83	5,024
Business registration fees	175	-	-	175
Community promotions	12,400	-	-	12,400
Community development contract labor	31,950	-	-	31,950
Computer software and equipment	2,864	-	-	2,864
Continuing education	2,415	-	500	2,915
Cost of homes sold	546,097	-	17,882	563,979
Depreciation	522	-	1,275	1,797
Fundraising	9,116	-	-	9,116
Loss on disposal of assets	234	-	-	234
Home development	36,023	-	-	36,023
Insurance	51,937	-	10,881	62,818
Interest	45,299	48,850	-	94,149
Office supplies	3,531	1	6,765	10,297
Organizational planning	29,900	-	-	29,900
Payroll taxes	15,314	-	-	15,314
Printing and copying	4,904	-	34	4,938
Professional fees	18,814	19,551	7,000	45,365
Rent	26,400	-	-	26,400
Salaries and benefits	409,604	-	-	409,604
Salaries and benefits in-kind	175,701	-	-	175,701
Telephone expense	10,546	-	-	10,546
Travel and meetings	4,817	-	-	4,817
Vacant land management	2,368	-	-	2,368
Total expenses	$ 1,486,278	$ 73,731	$ 44,420	$ 1,604,429

Schedule 6

CONSOLIDATING STATEMENT OF EXPENSES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2017

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Expenses				
Advertising and marketing	$ 8,135	$ -	$ 10	$ 8,145
Amortization	35,436	5,329	-	40,765
Bank fees	3,922	-	27	3,949
Business registration fees	420	-	60	480
Community promotions	11,970	-	-	11,970
Community development contract labor	25,000	-	-	25,000
Computer software and equipment	5,532	-	-	5,532
Continuing education	764	-	-	764
Cost of homes sold	481,450	-	211,692	693,142
Depreciation	722	-	682	1,404
Fundraising	9,360	-	-	9,360
Home development	4,208	-	10,189	14,397
Insurance	9,388	-	1,776	11,164
Interest	34,775	48,850	-	83,625
Miscellaneous	963	-	30	993
Office supplies	2,835	-	-	2,835
Organizational planning	10,254	-	-	10,254
Owner occupied rehab	55,197	-	-	55,197
Payroll taxes	17,318	-	2,671	19,989
Postage	317	-	3	320
Printing and copying	5,630	-	67	5,697
Professional fees	24,862	19,999	746	45,607
Rent	26,400	-	-	26,400
Salaries and benefits	277,067	-	34,966	312,033
Salaries and benefits in-kind	154,783	-	-	154,783
Telephone expense	-	-	373	373
Travel and meetings	5,592	-	-	5,592
Utilities	-	-	9,253	9,253
Vacant land management	6,458	-	-	6,458
Total expenses	$ 1,218,758	$ 74,178	$ 272,545	$ 1,565,481

Schedule 7

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Jericho Road Episcopal Housing Initiative, L.L.C and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018

Agency Head Name: Nicole Barnes, Executive Director

Purpose	
Salary	$ 90,000
Benefits - insurance	8,961
Benefits - retirement	8,016
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	1,200
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$ 108,177

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates,
New Orleans, Louisiana.

We have audited, 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, the consolidated financial statements of Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates (a non-profit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2018 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 11, 2019.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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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 a material weakness 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 11, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2018

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ Yes _X_ No

b) Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements under the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2018.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2018.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2018, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2017.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2017.

Section II - Internal Control and Compliance Material to Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates
New Orleans, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2018.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

The Organization did not expend more than $750,000 in Federal awards during the year ended December 31, 2018, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.