

Consolidated Financial Report

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

December 31, 2017



Consolidated Financial Report

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

December 31, 2017

TABLE OF CONTENTS

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

December 31, 2017 and 2016

	<u>Page Number</u>
Financial Section	
Independent Auditor's Report	1 - 3
Exhibits	
A - Consolidated Statement of Financial Position	4 - 5
B - Consolidated Statement of Activities and Changes in Net Assets	6 - 7
C - Consolidated Statement of Cash Flows	8 - 9
D - Notes to Consolidated Financial Statements	10 - 24
Supplementary Information	
1 - Consolidating Statement of Financial Position as of December 31, 2017	25 - 26
2 - Consolidating Statement of Financial Position as of December 31, 2016	27 - 28
3 - Consolidating Statement of Activities and Changes in Net Assets for the year ended December 31, 2017	29 - 30
4 - Consolidating Statement of Activities and Changes in Net Assets for the year ended December 31, 2016	31 - 32
5 - Consolidating Statement of Expenses for the year ended December 31, 2017	33
6 - Consolidating Statement of Expenses for the year ended December 31, 2016	34
7 - Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	35

TABLE OF CONTENTS (Continued)

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

December 31, 2017 and 2016

Page
Number

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 <u>Government Auditing Standards</u>	36 - 37
Schedule of Findings and Responses	38 - 39

Reports by Management

Schedule of Prior Year Findings and Responses	40
Management's Corrective Action Plan on Current Year Findings	41

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 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, 2017, and the related consolidated statements of activities and changes in net assets 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.

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, 2017, 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 2016 consolidated financial statements, and our report dated June 22, 2017, 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, 2016 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 19, 2018, 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 19, 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

December 31, 2017
(with comparative totals for 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 746,069	\$ 1,414,051
Grants receivable	116,042	50,000
Interest receivable	138,843	105,158
Other receivables	4,750	4,750
Inventory	<u>1,065,425</u>	<u>791,265</u>
Total current assets	<u>2,071,129</u>	<u>2,365,224</u>
Property and Equipment		
Office equipment	12,303	3,386
Furniture and fixtures	31,194	14,681
Vehicles	29,714	4,000
Less accumulated depreciation	<u>(66,918)</u>	<u>(17,240)</u>
Total property and equipment, net	<u>6,293</u>	<u>4,827</u>
Other Assets		
Note receivable	1,336,934	1,336,934
Soft second mortgage loans receivable, net of accumulated amortization of \$305,053 and \$269,617, as of December 31, 2017 and 2016, respectively	255,188	290,624
Loan costs, net of accumulated amortization	143,010	148,339
Investment in community project	59,216	59,216
Prepaid expenses	<u>28,069</u>	<u>11,324</u>
Total other assets	<u>1,822,417</u>	<u>1,846,437</u>
Total assets	<u>\$ 3,899,839</u>	<u>\$ 4,216,488</u>

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts payable	\$ 25,059	\$ 88,986
Accrued expenses	25,227	4,612
Accrued interest payable	137,604	104,950
Current portion of long-term debt	<u>-</u>	<u>897,000</u>
Total current liabilities	<u>187,890</u>	<u>1,095,548</u>
 Noncurrent Liabilities		
Long-term debt, net of current portion	<u>2,764,867</u>	<u>2,000,000</u>
Total liabilities	<u>2,952,757</u>	<u>3,095,548</u>
 Net Assets		
Unrestricted	562,148	760,406
Temporarily restricted	<u>384,934</u>	<u>360,534</u>
Total net assets	<u>947,082</u>	<u>1,120,940</u>
Total liabilities and net assets	<u>\$ 3,899,839</u>	<u>\$ 4,216,488</u>

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, 2017
(with comparative totals for 2016)

	2017			2016 Totals
	Unrestricted	Temporarily Restricted	Totals	
Support and Revenue				
Sales of homes/lots	\$ 533,015	\$ -	\$ 533,015	\$ 855,000
Grant income	481,564	24,400	505,964	597,319
Cash contributions	28,351		28,351	37,062
In-kind support	155,133	-	155,133	148,514
Interest income	48,850	-	48,850	48,850
Miscellaneous income	3,200	-	3,200	600
Property development income	2,323	-	2,323	8,177
	<u>1,252,436</u>	<u>24,400</u>	<u>1,276,836</u>	<u>1,695,522</u>
Gross support and revenue				
Less: distributions of grants to third parties	-	-	-	(399,162)
	<u>1,252,436</u>	<u>24,400</u>	<u>1,276,836</u>	<u>1,296,360</u>
Net support and revenues				
Expenses				
Cost of homes sold:				
Inventory cost	690,011	-	690,011	1,074,994
Realtor commission	-	-	-	5,400
Closing costs paid by seller	3,131	-	3,131	9,235
Warranty expense	-	-	-	4,201
	<u>693,142</u>	<u>-</u>	<u>693,142</u>	<u>1,093,830</u>
Total costs of homes sold				
Administrative expenses	<u>327,382</u>	<u>-</u>	<u>327,382</u>	<u>277,068</u>

**Exhibit B
(Continued)**

	2017		Totals	2016 Totals
	Unrestricted	Temporarily Restricted		
Expenses (Continued)				
Program expenses:				
Marketing/fund development	173,103	-	173,103	117,395
Home development	167,230	-	167,230	121,420
Vacant land management	92,059	-	92,059	126,074
Community engagement	112,565	-	112,565	118,471
Total program expenses	544,957	-	544,957	483,360
Total expenses	1,565,481	-	1,565,481	1,854,258
Change net assets	(313,045)	24,400	(288,645)	(557,898)
Net Assets				
Beginning of year	760,406	360,534	1,120,940	1,678,838
Net asset acquisition at November 1, 2017	114,787	-	114,787	-
End of year	\$ 562,148	\$ 384,934	\$ 947,082	\$ 1,120,940

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates**
New Orleans, LouisianaFor the year ended December 31, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (288,645)	\$ (557,898)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,404	1,263
Amortization	40,765	43,044
Loss on sales of homes/lots	160,127	234,629
Cash received at acquisition	77,794	-
(Increase) decrease in operating assets:		
Grants receivable	(59,759)	(5,595)
Interest receivable	(33,685)	(48,850)
Prepaid expenses	35,211	1,918
Increase (decrease) in operating liabilities:		
Accounts payable	(78,970)	(41,320)
Accrued expenses	(6,267)	-
Accrued interest payable	32,654	48,642
Other liabilities	-	(3,500)
	<u>(119,371)</u>	<u>(327,667)</u>
Net cash used in operating activities		

**Exhibit C
(Continued)**

	<u>2017</u>	<u>2016</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(2,356)
Increase in investment in community project	-	(30)
Proceeds from sale of homes/lots	529,884	840,365
Cost of homes/lots purchased for construction	<u>(801,577)</u>	<u>(439,479)</u>
Net cash provided by (used in) investing activities	<u>(271,693)</u>	<u>398,500</u>
Cash Flows From Financing Activities		
Payments on long-term debt	(132,133)	(80,000)
Collections on soft second mortgage	-	39,417
Net payments on line of credit loan	<u>(144,785)</u>	<u>(186,492)</u>
Net cash used in financing activities	<u>(276,918)</u>	<u>(227,075)</u>
Net Decrease In Cash and Cash Equivalents	(667,982)	(156,242)
Cash and Cash Equivalents		
Beginning of year	<u>1,414,051</u>	<u>1,570,293</u>
End of year	<u>\$ 746,069</u>	<u>\$ 1,414,051</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest during the year	<u>\$ 50,971</u>	<u>\$ 54,780</u>

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, 2017 and 2016

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 8. 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 3). 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, 2017, 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, 2014 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:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation (Continued)

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - 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. As of December 31, 2017 and 2016, the Organization had \$384,934 and \$360,534 of temporarily restricted net assets, respectively.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. Generally, the donors of such assets permit the donor to use all or part of the income earned from these assets for general or specific purposes. As of December 31, 2017 and 2016, the Organization had no permanently restricted net assets.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

	<u>Years</u>
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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 and 2016.

k. Revenue Recognition

Revenue is recognized upon the sale of homes/lots.

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and 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 unrestricted support.

Non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

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, 2017 and 2016 consisted of \$155,133 and \$148,514 in donated goods and services, respectively. Salaries and benefits include \$154,783 and \$137,954 of this in-kind support for the years ended December 31, 2017 and 2016, respectively.

m. 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)

n. 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.

o. 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, 2017 and 2016. Accumulated amortization totaled \$16,876 and \$11,547 as of December 31, 2017 and 2016, respectively.

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, 2017 and 2016 totaled \$8,145 and \$2,894, respectively.

q. Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation.

r. Subsequent Events

Management evaluates events occurring subsequent to the date of the 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 19, 2018.

Note 3 - 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.

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

Assets	
Cash	\$ 77,794
Other receivables	6,283
Inventory	162,594
Property and equipment, net	2,870
Prepaid expenses	<u>51,956</u>
Total assets	<u>301,497</u>
 Liabilities	
Accounts payable	15,043
Accrued expenses	26,882
Line of credit loan	<u>144,785</u>
Total liabilities	<u>186,710</u>
Net asset acquisition at November 1, 2017	<u>\$ 114,787</u>

Note 4 - 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, 2017, there was approximately \$233,000 in excess of insured amounts.

Note 5 - LIMITED USE ASSETS

Pursuant to the New Markets Tax Credit Financing Commitment as described in Note 9, 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, 2017 and 2016 totaled \$385,690 and \$1,017,370, respectively.

Note 6 - INVENTORY

Inventory activity for the years ended December 31, 2017 and 2016 consisted of the following components:

Inventory Classification	# of Units	2017					Project Homecoming Acquisition	Balance End of Year
		Balance Beginning of Year	Additions	Deletions	Transfers			
Lots available for development	17	\$ 358,922	\$ -	\$ -	\$ 10,850	\$ -	\$ 369,772	
Construction-in-progress	4	432,343	733,786	459,626	(236,796)	-	469,707	
Completed homes	1	-	-	-	225,946	-	225,946	
Project Homecoming	0	-	67,791	233,516	-	165,725	-	
Totals		\$ 791,265	\$ 801,577	\$ 693,142	\$ -	\$ 165,725	\$ 1,065,425	

Inventory Classification	# of Units	2016					Balance End of Year
		Balance Beginning of Year	Additions	Deletions	Transfers		
Lots available for development	18	\$ 340,746	\$ 18,176	\$ -	\$ -	\$ 358,922	
Construction-in-progress	10	852,011	415,008	834,676	-	432,343	
Completed homes	0	234,023	6,295	240,318	-	-	
Totals		\$ 1,426,780	\$ 439,479	\$ 1,074,994	\$ -	\$ 791,265	

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

Note 7 - 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 8 - NOTE RECEIVABLE

On October 16 2014, the Organization issued a note receivable to FNBC NMTC Hybrid Fund, L.L.C., (the "Fund") as a part of the New Markets Tax Credit Financing Transaction described in Note 9. The Fund was taken over by Advantage Capital Partners during the year ended December 31, 2017 due to FNBC going into receivership. 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 11. As of December 31, 2017 and 2016, the carrying value of the note was \$1,336,934. Interest income earned relating to the note was \$48,850 for both the years ended December 31, 2017 and 2016.

Note 9 - NEW MARKETS TAX CREDIT

On October 16 2014, the Company executed a New Markets Tax Credit Financing Transaction with First NBC (see Note 11) 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 FNBC Sub-CDE #20, L.L.C. totaling \$2 million toward the Project, as described in Note 11.

Note 10 - LINE OF CREDIT

The Company executed a \$220,000 line of credit on July 22, 2014 with First NBC Bank. Interest was due monthly at the Wall Street Journal Prime Rate + 1.0%, but not less than 5.0%. The line of credit expired on July 21, 2016 and was not renewed. There was no outstanding balance as of December 31, 2016. The line of credit was secured by real property. The Company capitalized \$5,930 in interest relating to the line of credit during the year ended December 31, 2016.

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 11 - NOTES PAYABLE

Notes payable as of December 31, 2017 and 2016 consist of the following:

	2017	2016
<p>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.</p>	\$ 1,336,934	\$ 1,336,934
<p>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.</p>	663,066	663,066
<p>Note payable to Whitney Bank, executed October 16, 2014, bearing interest at 5.0%, interest payable with a balloon payment of \$764,867 due February 1, 2019 secured by a loan the Organization made to Advantage Capital Partners (Formerly this loan was to FNBC NMTC Hybrid Fund, L.L.C. (See Note 8).</p>	764,867	897,000
<p>Totals</p>	\$ 2,764,867	\$ 2,897,000

Interest expense on the notes payable totaled \$83,625 and \$97,492 for the years ended December 31, 2017 and 2016, respectively.

Note 11 - NOTES PAYABLE (Continued)

The maturities of long-term debt are as follows:

<u>Year ending December 31,</u>	
2019	\$ 764,867
2021	<u>2,000,000</u>
	<u>\$ 2,764,867</u>

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 9, 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 22). 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 12 - RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or are available for subsequent periods. These restrictions are considered to expire when payments for restricted purposes are made.

Temporarily restricted net assets as of December 31, 2017 and 2016 are available for the following purpose:

	<u>2017</u>	<u>2016</u>
Home purchases and construction	<u>\$ 384,934</u>	<u>\$ 360,534</u>

Note 13 - GRANTS

During the years ended December 31, 2017 and 2016, the following grants were awarded to the Organization:

Grantor	Amount	Period
<u>2017</u>		
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
<u>2016</u>		
City of New Orleans - HOME Funds*	\$1,000,000	October 26, 2013 through October 31, 2017
City of New Orleans - HOME Funds*	\$219,230	June 27, 2013 through June 27, 2016
Episcopal Diocese of Louisiana	\$24,300	July 1, 2016 through June 30, 2017
Capital One	\$5,000	April 25, 2016 through April 24, 2017
Other miscellaneous	\$2,600	January 1, 2016 through December 31, 2016

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

	2017	2016
Grants receivable:		
City of New Orleans - HOME funds	\$ 116,042	\$ 50,000

Management believes that the grants receivable are fully collectible as of December 31, 2017 and 2016.

Note 13 - GRANTS (Continued)

	2017	2016
Grant income:		
City of New Orleans - HOME funds	\$ 404,360	\$ 565,419
Prosperity Now	28,000	-
Capital One	27,500	5,000
Other miscellaneous	15,382	2,600
Whitney Bank	7,950	-
Neighborhood Housing Services of New Orleans	7,000	-
The Power Coalition	5,772	-
Wells Fargo Foundation	5,000	-
Greater New Orleans Foundation	5,000	-
Episcopal Diocese of Louisiana	-	24,300
Totals	\$ 505,964	\$ 597,319

Note 14 - HOME/LOT SALES

During the year ended December 31, 2017, three homes were sold to qualifying applicants. During the year ended December 31, 2016, five homes were sold to qualifying applicants.

	2017	2016
Home/lot sales	\$ 533,015	\$ 855,000
Less due to seller	(3,131)	(14,635)
Home/lot sales - net proceeds	529,884	840,365
Cost of homes/lots sold	693,142	1,093,830
Warrant/expense	-	4,201
Less due to seller	(3,131)	(14,635)
Costs of home/lots sold - net	690,011	1,083,396
Net loss on sales of homes/lots	\$ 160,127	\$ 243,031

Note 15 - FUNCTIONAL EXPENSES

Expenses incurred for the years ended December 31, 2017 and 2016 were for the following purposes:

	2017	2016
General and administrative	\$ 327,382	\$ 277,068
Program expenses:		
Fundraising	9,360	6,819
Public relations and marketing	163,743	110,576
Home development programming	167,230	121,420
Vacant land management	92,059	126,074
Community engagement	112,565	118,471
	544,957	483,360
Totals	\$ 872,339	\$ 760,428

Functional expenses are summarized by function based on estimates and allocations developed by management.

Note 16 - LEASE

During the years ended December 31, 2017 and 2016, 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, 2017 and 2016.

Note 17 - 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 \$20,475 and \$23,850 for the years ended December 31, 2017 and 2016, respectively, and covered current service costs.

The actuarial information for the plan as of March 31, 2017 and 2016 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 4.125% for both of the years ended December 31, 2017 and 2016. 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, 2017.

Note 18 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2017 and 2016, Board Members and Staff of the Organization made contributions totaling \$5,466 and \$1,400, respectively.

For the years ended December 31, 2017 and 2016, the Organization rented office space from Christ Church Corporation (see Note 16).

Note 19 - MAJOR VENDORS

During the years ended December 31, 2017 and 2016, the Organization incurred \$588,696 and \$412,813, respectively, of construction expense from one major vendor which accounted for approximately 80% and 94%, respectively, of total construction expenses.

Note 20 - MAJOR GRANTORS

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.

During the year ended December 31, 2016, the Organization received a substantial portion of its grant income from one major grantor totaling \$565,419, which accounted for 95% of grant income.

Note 21 - COMMITMENTS

If there is a breach of the loan agreements between the Organization and Advantage Capital Partners (Formerly First NBC Bank), 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 9 and 11). Management believes there are no breaches of these agreements as of December 31, 2017.

On December 7, 2016, the Organization entered into a contract totaling \$594,900 for the construction of three homes in New Orleans, Louisiana. As of December 31, 2017, \$574,107 had been billed for three homes that were 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, 2017

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
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	-	-	1,065,425
Total current assets	<u>1,667,737</u>	<u>385,690</u>	<u>17,702</u>	<u>2,071,129</u>
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	<u>(17,962)</u>	<u>-</u>	<u>(48,956)</u>	<u>(66,918)</u>
Total property and equipment, net	<u>4,105</u>	<u>-</u>	<u>2,188</u>	<u>6,293</u>
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
Loan costs, net of accumulated amortization	-	143,010	-	143,010
Investment in community project	59,216	-	-	59,216
Prepaid expenses	10,711	-	17,358	28,069
Total other assets	<u>1,662,049</u>	<u>143,010</u>	<u>17,358</u>	<u>1,822,417</u>
Total assets	<u>\$ 3,333,891</u>	<u>\$ 528,700</u>	<u>\$ 37,248</u>	<u>\$ 3,899,839</u>

LIABILITIES AND NET ASSETS

	<u>Jericho Road Episcopal Housing Initiative, L.L.C.</u>	<u>Jericho QALICB, L.L.C.</u>	<u>Project Homecoming Inc.</u>	<u>Totals</u>
Current Liabilities				
Accounts payable	\$ 20,172	\$ -	\$ 4,887	\$ 25,059
Accrued expenses	4,613	-	20,614	25,227
Accrued interest	<u>137,604</u>	<u>-</u>	<u>-</u>	<u>137,604</u>
Total current liabilities	<u>162,389</u>	<u>-</u>	<u>25,501</u>	<u>187,890</u>
Noncurrent Liabilities				
Long-term debt	<u>764,867</u>	<u>2,000,000</u>	<u>-</u>	<u>2,764,867</u>
Total liabilities	<u>927,256</u>	<u>2,000,000</u>	<u>25,501</u>	<u>2,952,757</u>
Net Assets				
Unrestricted	2,021,701	(1,471,300)	11,747	562,148
Temporarily restricted	<u>384,934</u>	<u>-</u>	<u>-</u>	<u>384,934</u>
Total net assets	<u>2,406,635</u>	<u>(1,471,300)</u>	<u>11,747</u>	<u>947,082</u>
Total liabilities and net assets	<u>\$ 3,333,891</u>	<u>\$ 528,700</u>	<u>\$ 37,248</u>	<u>\$ 3,899,839</u>

LIABILITIES AND NET ASSETS

	<u>Jericho Road Episcopal Housing Initiative, L.L.C.</u>	<u>Jericho QALICB, L.L.C.</u>	<u>Totals</u>
Current Liabilities			
Accounts payable	\$ 88,986	\$ -	\$ 88,986
Accrued expenses	4,612	-	4,612
Accrued interest	104,950	-	104,950
Current portion of long-term debt	<u>897,000</u>	<u>-</u>	<u>897,000</u>
Total current liabilities	<u>1,095,548</u>	<u>-</u>	<u>1,095,548</u>
 Noncurrent Liabilities			
Long-term debt	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total liabilities	<u>1,095,548</u>	<u>2,000,000</u>	<u>3,095,548</u>
 Net Assets			
Unrestricted	1,594,697	(834,291)	760,406
Temporarily restricted	<u>360,534</u>	<u>-</u>	<u>360,534</u>
Total net assets	<u>1,955,231</u>	<u>(834,291)</u>	<u>1,120,940</u>
Total liabilities and net assets	<u>\$ 3,050,779</u>	<u>\$ 1,165,709</u>	<u>\$ 4,216,488</u>

LIABILITIES AND NET ASSETS

	<u>Jericho Road Episcopal Housing Initiative, L.L.C.</u>	<u>Jericho QALICB, L.L.C.</u>	<u>Totals</u>
Current Liabilities			
Accounts payable	\$ 88,986	\$ -	\$ 88,986
Accrued expenses	4,612	-	4,612
Accrued interest	104,950	-	104,950
Current portion of long-term debt	<u>897,000</u>	<u>-</u>	<u>897,000</u>
Total current liabilities	<u>1,095,548</u>	<u>-</u>	<u>1,095,548</u>
Noncurrent Liabilities			
Long-term debt	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total liabilities	<u>1,095,548</u>	<u>2,000,000</u>	<u>3,095,548</u>
Net Assets			
Unrestricted	1,594,697	(834,291)	760,406
Temporarily restricted	<u>360,534</u>	<u>-</u>	<u>360,534</u>
Total net assets	<u>1,955,231</u>	<u>(834,291)</u>	<u>1,120,940</u>
Total liabilities and net assets	<u>\$ 3,050,779</u>	<u>\$ 1,165,709</u>	<u>\$ 4,216,488</u>

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.	Totals
Support and Revenue				
Sales of homes/lots	\$ 370,000	\$ -	\$ 163,015	\$ 533,015
Grant income	501,797	-	4,167	505,964
Cash 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)	-	-
	<u>1,670,162</u>	<u>(562,831)</u>	<u>169,505</u>	<u>1,276,836</u>
Total support and revenue				
Expenses				
Cost of homes sold:				
Inventory costs	478,319	-	211,692	690,011
Closing costs paid by seller	3,131	-	-	3,131
	<u>481,450</u>	<u>-</u>	<u>211,692</u>	<u>693,142</u>
Total costs of homes sold				
Administrative expenses	202,551	74,178	50,653	327,382

**Schedule 3
(Continued)**

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Program expenses:				
Marketing/fund development	173,093	-	10	173,103
Home development	157,040	-	10,190	167,230
Vacant land management	92,059	-	-	92,059
Community engagement	112,565	-	-	112,565
	534,757	-	10,200	544,957
Total program expenses				
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	1,955,231	(834,291)	-	1,120,940
Net assets acquisition at November 1, 2017	-	-	114,787	114,787
End of year	\$ 2,406,635	\$ (1,471,300)	\$ 11,747	\$ 947,082

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, 2016

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Totals
Support and Revenue			
Sales of homes/lots	\$ 855,000	\$ -	\$ 855,000
Grant income	597,319	-	597,319
Cash contributions	37,062	-	37,062
In-kind support	148,514	-	148,514
Interest income	48,850	-	48,850
Miscellaneous income	600	-	600
Property development income	8,177	-	8,177
Transfers in/out	465,013	(465,013)	-
Gross support and revenue	2,160,535	(465,013)	1,695,522
Less: distributions of grants to third parties	(399,162)	-	(399,162)
Net support and revenues	1,761,373	(465,013)	1,296,360
Expenses			
Cost of homes sold:			
Inventory costs	1,074,994	-	1,074,994
Realtor commission	5,400	-	5,400
Closing costs paid by seller	9,235	-	9,235
Warranty expense	4,201	-	4,201
Total costs of homes sold	1,093,830	-	1,093,830
Administrative expenses	202,887	74,181	277,068

**Schedule 4
(Continued)**

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Totals
Program expenses:			
Marketing/fund development	117,395	-	117,395
Home development	121,420	-	121,420
Vacant land management	126,074	-	126,074
Community engagement	118,471	-	118,471
Total program expenses	483,360	-	483,360
Total expenses	1,780,077	74,181	1,854,258
Change net assets	(18,704)	(539,194)	(557,898)
Net Assets			
Beginning of year	1,973,935	(295,097)	1,678,838
End of year	\$ 1,955,231	\$ (834,291)	\$ 1,120,940

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	-	746	6,278
Continuing education	764	-	-	764
Cost of homes/lots sold	481,450	-	211,692	693,142
Depreciation	722	-	682	1,404
Fundraising	9,360	-	-	9,360
Home development	697	-	-	697
Insurance	9,388	-	1,776	11,164
Interest	34,775	48,850	-	83,625
Miscellaneous	4,474	-	30	4,504
Office supplies	2,835	-	-	2,835
Organizational planning	10,254	-	-	10,254
Owner occupied rehab	55,197	-	-	55,197
Payroll taxes	17,318	-	-	17,318
Postage	317	-	3	320
Printing and copying	5,630	-	67	5,697
Professional fees	24,862	19,999	-	44,861
Rent	26,400	-	-	26,400
Salaries and benefits	277,067	-	47,825	324,892
Salaries and benefits in-kind	154,783	-	-	154,783
Travel and meetings	5,592	-	-	5,592
Utilities	-	-	9,627	9,627
Vacant land management	6,458	-	-	6,458
	<u>\$ 1,218,758</u>	<u>\$ 74,178</u>	<u>\$ 272,545</u>	<u>\$ 1,565,481</u>
Total expenses				

CONSOLIDATING STATEMENT OF EXPENSES**Jericho Road Episcopal Housing Initiative, L.L.C. and Affiliates**
New Orleans, Louisiana

For the year ended December 31, 2016

	<u>Jericho Road Episcopal Housing Initiative, L.L.C.</u>	<u>Jericho QALICB, L.L.C.</u>	<u>Totals</u>
Expenses			
Advertising and marketing	\$ 2,894	\$ -	\$ 2,894
Amortization	37,714	5,330	43,044
Bank fees	5,373	-	5,373
Business registration fees	190	-	190
Community promotions	7,586	-	7,586
Computer software and equipment	3,094	-	3,094
Cost of homes/lots sold	1,093,830	-	1,093,830
Depreciation	1,263	-	1,263
Fundraising	6,984	-	6,984
Home development	10,698	-	10,698
Insurance	10,578	-	10,578
Interest	48,642	48,850	97,492
Miscellaneous	1,200	-	1,200
Office supplies	2,202	-	2,202
Payroll taxes	20,069	-	20,069
Postage	303	-	303
Printing and copying	6,486	-	6,486
Professional fees	24,494	20,001	44,495
Rent	26,400	-	26,400
Salaries and benefits	321,263	-	321,263
Salaries and benefits in-kind	137,954	-	137,954
Travel and meetings	2,852	-	2,852
Vacant land management	8,008	-	8,008
	<u>\$ 1,780,077</u>	<u>\$ 74,181</u>	<u>\$ 1,854,258</u>

**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, 2017

Agency Head Name: Nicole Barnes, Executive Director

Purpose

Salary	\$ 91,200
Benefits - insurance	6,778
Benefits - retirement	8,100
Benefits - other	414
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<u>\$ 106,492</u>

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 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, 2017 and the related consolidated statements of activities and changes in net assets 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 19, 2018.

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.

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.



Certified Public Accountants.

New Orleans, Louisiana,
June 19, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended December 31, 2017

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, 2017, 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 financial statements, were reported during the audit for the year ended December 31, 2017.

(Continued)

**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, 2017.

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, 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).

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, 2017

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 financial statements, were reported during the audit for the year ended December 31, 2016.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2016.

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, 2016, 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, 2016.

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, 2017

**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 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.