Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

December 31, 2019

JERICHO ROAD
EPISCOPAL HOUSING INITIATIVE

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

December 31, 2019

TABLE OF CONTENTS

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

December 31, 2019 and 2018

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jericho Road Episcopal Housing Initiative, Inc. and Affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, 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.

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

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, Inc. and Affiliates as of December 31, 2019, 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 2018 consolidated financial statements, and our report dated June 11, 2019, 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, 2018 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 23, 2020, 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 23, 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

December 31, 2019
(with comparative totals for 2018)

ASSETS

	2019	2018
Current Assets		
Cash and cash equivalents	$ 135,772	$ 276,215
Grants receivable	41,985	35,674
Interest receivable	253,879	189,466
Other receivables	29,901	5,115
Inventory	1,241,485	1,138,489
Total current assets	1,703,022	1,644,959
Property and Equipment		
Office equipment	11,871	10,267
Furniture and fixtures	31,390	31,194
Vehicles	25,714	25,714
Less accumulated depreciation	(63,800)	(62,913)
Total property and equipment, net	5,175	4,262
Other Assets		
Note receivable	1,336,934	1,336,934
Soft second mortgage loans receivable, net	227,313	265,915
Investment in community project	59,216	59,216
Prepaid expenses	26,420	27,427
Total other assets	1,649,883	1,689,492
Total assets	$ 3,358,080	$ 3,338,713

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2019	2018
Current Liabilities		
Accounts payable	$ 87,747	$ 70,652
Accrued expenses	17,996	29,336
Accrued interest payable	253,879	188,227
Lines of credit	250,000	-
Total current liabilities	609,622	288,215
Noncurrent Liabilities		
Long-term debt, net of current portion	2,637,387	2,679,887
Less deferred loan costs, net	(132,351)	(137,680)
Total noncurrent liabilities	2,505,036	2,542,207
Total liabilities	3,114,658	2,830,422
Net Assets (Deficit)		
Without donor restrictions	(116,512)	144,857
With donor restrictions	359,934	363,434
Total net assets	243,422	508,291
Total liabilities and net assets (deficit)	$ 3,358,080	$ 3,338,713

Exhibit B

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2019
(with comparative totals for 2018)

	2019			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2018 Totals
Support and Revenue				
Sales of homes	$ 441,000	$ -	$ 441,000	$ 448,830
Grant income	405,046	-	405,046	386,504
Contributions	52,830	-	52,830	59,987
In-kind support	181,385	-	181,385	175,701
Interest income	48,856	-	48,856	48,856
Miscellaneous income	69,355	-	69,355	16,996
Property development income	15,000	-	15,000	8,164
Net assets released from restrictions satisfaction of restrictions	3,500	(3,500)	-	-
Total support and revenue	1,216,972	(3,500)	1,213,472	1,145,038
Expenses				
Program expenses:				
Cost of homes sold:				
Inventory cost	463,026	-	463,026	560,091
Closing costs paid by seller	24,065	-	24,065	3,888
Total cost of homes sold	487,091	-	487,091	563,979
Home development	341,698	-	341,698	293,832
Vacant land management	28,769	-	28,769	78,763
Community engagement	134,839	-	134,839	115,839
Total program expenses	992,397	-	992,397	1,052,413

Exhibit B
(Continued)

	2019			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	2018 Totals
Expenses (Continued)				
Administrative expenses	391,067	-	391,067	477,955
Marketing/ fundraising	94,877	-	94,877	74,061
Total expenses	1,478,341	-	1,478,341	1,604,429
Change net assets	(261,369)	(3,500)	(264,869)	(459,391)
Net Assets (Deficit)				
Beginning of year	144,857	363,434	508,291	967,682
End of year	$(116,512)	$ 359,934	$ 243,422	$ 508,291

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

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

For the year ended December 31, 2019
(with comparative totals for 2018)

	Program Expenses			
	Cost of Homes Sold	Home Development	Vacant Land Management	Community Engagement
Advertising and marketing	$ -	$ -	$ -	$ -
Amortization	-	-	-	-
Bad debt	-	-	-	-
Bank fees	-	-	-	-
Business registration fees	-	-	-	-
Community development contract labor	-	-	-	27,092
Community promotions	-	-	-	35,774
Computer software and equipment	-	-	-	-
Continuing education	-	-	-	-
Cost of homes sold	487,091	-	-	-
Depreciation	-	-	-	-
Fundraising	-	-	-	-
Home development	-	98,461	-	-
Insurance	-	-	-	-
Interest	-	-	-	-
Loss on disposal of assets	-	-	-	-
Miscellaneous	-	-	-	-
Office supplies	-	2,781	-	-
Organizational planning	-	-	-	-
Payroll taxes	-	-	-	-
Postage	-	-	-	-
Printing and copying	-	575	-	634
Professional fees	-	-	-	-
Rent	-	15,840	1,320	3,956
Salaries and benefits	-	154,532	23,788	17,407
Salaries and benefits in-kind	-	68,150	-	49,976
Telephone expense	-	-	-	-
Travel and meetings	-	1,359	-	-
Vacant land management	-	-	3,661	-
	$ 487,091	$ 341,698	$ 28,769	$ 134,839

See notes to consolidated financial statements.

Total Program Expenses	Administrative Expenses	Marketing/ Fundraising	Totals 2019	Totals 2018
$ -	$ -	$ 4,416	$ 4,416	$ 3,647
-	43,931	-	43,931	42,088
-	19,965	-	19,965	-
-	4,608	-	4,608	5,024
-	387	-	387	175
27,092	-	16,594	43,686	31,950
35,774	-	-	35,774	12,400
-	4,210	-	4,210	2,864
-	439	-	439	2,915
487,091	-	-	487,091	563,979
-	887	-	887	1,797
-	-	3,341	3,341	9,116
98,461	2,184	-	100,645	36,023
-	54,368	-	54,368	62,818
-	93,254	-	93,254	94,149
-	-	-	-	234
-	1	7,503	7,504	-
2,781	14,792	-	17,573	10,297
-	-	-	-	29,900
-	12,837	-	12,837	15,314
-	165	-	165	-
1,209	3,013	634	4,856	4,938
-	35,585	-	35,585	45,365
21,116	5,280	-	26,396	26,400
195,727	32,281	62,174	290,182	409,604
118,126	59,889	-	178,015	175,701
-	2,657	-	2,657	10,546
1,359	334	215	1,908	4,817
3,661	-	-	3,661	2,368
$ 992,397	$ 391,067	$ 94,877	$ 1,478,341	$ 1,604,429

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	$ (264,869)	$ (459,391)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	887	1,797
Amortization	43,931	42,088
Loss on disposal of property	-	234
Loss on homes sold	46,091	115,149
(Increase) decrease in operating assets:		
Grants receivable	(6,311)	80,368
Interest receivable	(64,413)	(50,623)
Other receivables	(24,786)	(365)
Prepaid expenses	1,007	642
Increase (decrease) in operating liabilities:		
Accounts payable	17,095	45,593
Accrued expenses	(11,340)	4,109
Accrued interest payable	65,652	50,623
Net cash used in operating activities	(197,056)	(169,776)

Exhibit D
(Continued)

	2019	2018
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,800)	-
Proceeds from homes sold	408,485	444,942
Cost of home/lot purchased for construction	(557,572)	(612,555)
Net cash used in investing activities	(150,887)	(167,613)
Cash Flows From Financing Activities		
Payments on long-term debt	(42,500)	(84,980)
Soft second mortgages granted	-	(47,485)
Draws on line of credit loan	250,000	-
Net cash provided by (used in) financing activities	207,500	(132,465)
Net Decrease In Cash and Cash Equivalents	(140,443)	(469,854)
Cash and Cash Equivalents		
Beginning of year	276,215	746,069
End of year	$ 135,772	$ 276,215

Supplemental Disclosures of Cash Flow Information

	2019	2018
Cash paid for interest during the year	$ 44,404	$ 45,299

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

December 31, 2019 and 2018

Note 1 - NATURE OF ACTIVITIES

Jericho Road Episcopal Housing Initiative, Inc. 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 9. 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"). 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, 2019, 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, 2016 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, Inc., 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 $227,313 and $265,915, net of amortization of $351,720 and $313,118 as of December 31, 2019 and 2018, 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 grants receivable and other receivables 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, 2019 and 2018.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with ASU 2014-09, "*Revenue from Contracts with Customers*", as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its Consolidating Statements of Activities and Changes in Net Assets for the years ended December 31, 2019 and 2018:

Homes sold - The Organization's mission to provide affordable housing opportunities results in the sale of homes constructed in the course of business. The performance obligation is the delivery of the home to the customer. Revenue is recognized at the closing date of the sale of the home.

Property development income - The Organization has significant expertise in project management as it relates to the construction of affordable housing supported by private funding. The Organization offers development services to other non-profit organizations that are also developing affordable housing but do not have the level of expertise that the Organization does. The performance obligation is the delivery of services to the co-developer. Revenue is recognized at the time that services are rendered.

Costs incurred by the Organization in obtaining a contract are not capitalized. As part of the Organization's adoption of the new revenue recognition guidance, the Organization has elected to apply the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Organization otherwise would have recognized is one year or less. These costs are included in operating expenses in the Consolidated Statements of Activities and Changes in Net Assets.

The Organization has elected to apply practical expedients to not disclose the revenue related to unsatisfied performance obligations if the contract has an original duration of one year or less, and the Organization has recognized revenue for the amount in which it has the right to bill.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Support

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.

m. 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, 2019 and 2018 consisted of $181,385 and $175,701 in donated goods and services, respectively. Salaries and benefits include $178,015 and $175,701 of this in-kind support for the years ended December 31, 2019 and 2018, respectively. Other in-kind support totaling $3,370 includes technology equipment donated during the year ended December 31, 2019.

n. 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.

o. 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)

p. 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.

q. 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, 2019 and 2018 totaled $4,416 and $3,647, respectively.

r. Recently Issued Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "*Leases*" (Topic 842). ASU 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 Consolidated 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 Consolidated Statement of Activities and Changes in Net Assets and the Consolidated Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), 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, the FASB issued several additional ASU's which amended and clarified the guidance and deferred the effective date. The new revenue standard

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers (Continued)

is now effective for annual reporting periods beginning after December 15, 2018. The Organization has adopted the provisions of ASU 201-09 and retrospectively applied this standard to the consolidated financial statements. The adoption of this accounting standard did not have a significant effect on the consolidated financial statements.

Contributions Received and Contributions Made

During the year, the Organization has also adopted the provisions of ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. The adoption of this accounting standard has no significant effect on the consolidated financial statements.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (Topic 230). This ASU requires that a Consolidated 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 Consolidated Statement of Cash Flows.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Recently Issued Accounting Standards (Continued)

Statement of Cash Flows (Continued)

The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Accordingly, adoption of this accounting pronouncement had no significant effect on the Consolidated Statement of Cash Flows for the year ended December 31, 2019.

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 consolidated financial statements. Subsequent events have been evaluated through June 23, 2020.

Note 3 - 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 3 - LIQUIDITY AND AVAILABILITY OF ASSETS (Continued)

The following table represents financial assets available for general expenditures within one year as of December 31, 2019:

Financial assets:	
Cash and cash equivalents	$135,772
Grants receivable	41,985
Interest receivable	253,879
Other receivables	29,901
Total financial assets, as of December 31, 2019	461,537
Less amounts not available to be used within one year, due to:	
Contractual or donor imposed restrictions:	
Purpose restricted net assets	(359,934)
Financial assets available to meet general expenditures within one year	$101,603

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, 2019, there were no balances 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, 2019 and 2018 totaled $14,962 and $16,962, respectively.

Note 6 - INVENTORY

Inventory activity for the years ended December 31, 2019 and 2018 consisted of the following components:

		2019				
Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
Lots available for development	25	$ 469,199	$ 17,864	$ -	$ (7,896)	$ 479,167
Construction-in-progress	4	276,260	401,720	-	(142,663)	535,317
Completed homes	1	372,430	69,371	385,959	150,559	206,401
Project Homecoming	1	20,600	-	-	-	20,600
Totals		$1,138,489	$488,955	$385,959	$ -	$1,241,485

		2018				
Inventory Classification	# of Units	Balance Beginning of Year	Additions	Deletions	Transfers	Balance End of Year
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

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 FANUC NMTC Hybrid Fund, L.L.C., and (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 2. As of December 31, 2019 and 2018, 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, 2019 and 2018.

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 12) 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 12.

Note 10 - LINE OF CREDIT

On March 13, 2019, the Organization entered into two construction lines of credit with maturity dates of September 13, 2020. The total balance of the lines as of December 31, 2019 was $250,000. Interest on the lines of credit accrue at Wall Street Journal prime rate plus 1.125% or a minimum of 4.75% (5.875% as of December 31, 2019). The lines of credit are secured with property under construction.

Note 11 - 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, 2019 and 2018. Accumulated amortization totaled $27,535 and $22,206 as of December 31, 2019 and 2018, respectively. Estimated future amortization is as follows:

Year Ending December 31,	
2020	$ 5,330
2021	5,330
2022	5,330
2023	5,330
2024	5,330
Thereafter	105,701
Total	$ 132,351

Note 12 - NOTES PAYABLE

Notes payable as of December 31, 2019 and 2018 consist of the following:

	2019	2018
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 12 - NOTES PAYABLE (Continued)

	2019	2018
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 payable to Hancock Whitney Bank, executed October 16, 2014, bearing interest at 5.0%, interest payable with a balloon payment due April 30, 2024, secured by a loan the Organization made to Advantage Capital Partners.	637,387	679,887
Totals	$2,637,387	$2,679,887

Interest expense on the notes payable totaled $93,254 and $94,149 for the years ended December 31, 2019 and 2018, respectively.

The maturities of long-term debt are as follows:

Year Ending December 31,	
2021	$2,000,000
2024	637,387
Total	$2,637,387

Beginning on October 22, 2020, 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 21). The Fund has 180 days to exercise its put option. Should the Fund not exercise its put option, the Organization has

Note 12 - NOTES PAYABLE (Continued)

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 13 - 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, 2019 and 2018.

Net assets with donor restrictions as of December 31, 2019 and 2018 are available for the following purpose or future periods:

	2019	2018
Subject to expenditure for a specific purpose:		
Home purchases and construction	$359,934	$363,434

Net assets released from restrictions for the year ended December 31, 2019 are as follows:

Purpose restrictions satisfied	
Home purchases and construction	$3,500

Note 14 - GRANTS

During the years ended December 31, 2019 and 2018, the following grant revenue was recorded:

Grantor	2019	2018
New Orleans Redevelopment Authority	$ 150,000	$ -
U.S. Department of Housing and Urban Development - Pass-through funds from Jefferson Parish	72,270	-
Federal Home Loan Bank of Dallas	47,208	53,540
Public Allies	32,377	15,000
United Way of Greater New Orleans	25,000	25,000
Ella West Foundation	20,000	-
Capital One	20,000	25,000
Enterprise Community Partners, Inc.	19,291	45,709
Greater New Orleans Foundation	10,000	25,000
Other miscellaneous	8,900	11,000
City of New Orleans - HOME Funds	-	159,519
Louisiana Housing Corporation	-	23,236
Prosperity Now	-	3,500
Total	$ 405,046	$ 386,504

Grants receivable as of December 31, 2019 and 2018 are as follows:

	2019	2018
Grants receivable:		
US Department of Housing and Urban Development - Pass-through funds from Jefferson Parish	$41,985	$ -
City of New Orleans - HOME funds	-	19,965
Enterprise Community Partners	-	15,709
Totals	$41,985	$35,674

Note 15 - HOMES SOLD

During both the years ended December 31, 2019 and 2018, two homes were sold to qualifying applicants.

	2019	2018
Homes sold	$441,000	$448,830
Less due to seller	(32,515)	(3,888)
Homes sold, net proceeds	408,485	444,942
Cost of homes sold	487,091	563,979
Less due to seller	(32,515)	(3,888)
Costs of homes sold, net	454,576	560,091
Net loss on homes sold	$ 46,091	$115,149

Note 16 - LEASE

During the years ended December 31, 2019 and 2018, 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 $26,396 and $26,400 for the years ended December 31, 2019 and 2018, respectively.

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 $14,400 and $18,225 for the years ended December 31, 2019 and 2018, respectively, and covered current service costs.

The actuarial information for the plan as of March 31, 2019 and 2018 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% for both of the years ended December 31, 2019 and 2018, 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, 2019.

Note 18 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018, the Organization rented office space from Christ Church Corporation (see Note 16).

Note 19 - MAJOR VENDORS

During the years ended December 31, 2019 and 2018, the Organization incurred $230,679 and $349,097, respectively, of construction expense from one major vendor which accounted for approximately 48% and 74%, respectively, of total construction expenses.

Note 20 - MAJOR GRANTORS

During the year ended December 31, 2019, the Organization received a substantial portion of its grant income from one major grantor totaling $150,000, which accounted for 37% of grant income.

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.

Note 21 - 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 9 and 12). Management believes there are no breaches of these agreements as of December 31, 2019.

On July 5, 2019, the Organization entered into contracts totaling approximately $380,000 for the construction of homes in New Orleans, Louisiana. As of December 31, 2019, approximately $336,000 had been billed for the homes.

Note 22 - SUBSEQUENT EVENTS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While the Organization has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the Organization's operations is uncertain at this time.

The Organization is following the guidelines of the Louisiana Department of Health along with federal and state of Louisiana guidelines as they relate to COVID-19. The Organization is considered an essential business by the state and as such construction employees have been able to work for periods of time and are being paid. Administrative staff have been working remotely due to the stay-at-home work order by the state and are also being paid. To assist with cash flow, the Organization has received a Payroll Protection Program (PPP) loan in the amount of $61,400 and Economic Injury Disaster Loan Assistance (EIDL) advance in the amount of $7,000 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the federal government. The Organization will request forgiveness of the PPP loan during 2020 based upon the forgiveness criteria outlined in the PPP loan program.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

December 31, 2019

ASSETS

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Current Assets				
Cash and cash equivalents	$ 118,231	$ 14,962	$ 2,579	$ 135,772
Grants receivable	41,985	-	-	41,985
Interest receivable	253,879	-	-	253,879
Other receivables	15,000	-	14,901	29,901
Inventory	1,220,885	-	20,600	1,241,485
Total current assets	1,649,980	14,962	38,080	1,703,022
Property and Equipment				
Office equipment	3,626	-	8,245	11,871
Furniture and fixtures	14,681	-	16,709	31,390
Vehicles	-	-	25,714	25,714
Less accumulated depreciation	(13,369)	-	(50,431)	(63,800)
Total property and equipment, net	4,938	-	237	5,175
Other Assets				
Note receivable	1,336,934	-	-	1,336,934
Soft second mortgage loans receivable, net of accumulated amortization of $351,720 as of December 31, 2019	227,313	-	-	227,313
Investment in community project	59,216	-	-	59,216
Prepaid expenses	25,393	-	1,027	26,420
Total other assets	1,648,856	-	1,027	1,649,883
Total assets	$ 3,303,774	$ 14,962	$ 39,344	$ 3,358,080

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	$ 78,754	$ -	$ 8,993	$ 87,747
Accrued expenses	4,612	-	13,384	17,996
Accrued interest	253,879	-	-	253,879
Line of credit	250,000	-	-	250,000
Total current liabilities	587,245	-	22,377	609,622
Noncurrent Liabilities				
Long-term debt, net of current maturities	637,387	2,000,000	-	2,637,387
Less deferred loan costs, net	-	(132,351)	-	(132,351)
Total noncurrent liabilities	637,387	1,867,649	-	2,505,036
Total liabilities	1,224,632	1,867,649	22,377	3,114,658
Net Assets (deficit)				
Without donor restrictions	1,719,208	(1,852,687)	16,967	(116,512)
With donor restrictions	359,934	-	-	359,934
Total net assets (deficit)	2,079,142	(1,852,687)	16,967	243,422
Total liabilities and net assets (deficit)	$ 3,303,774	$ 14,962	$ 39,344	$ 3,358,080

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Jericho Road Episcopal Housing Initiative, Inc. 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	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 (Deficit)				
Without donor restrictions	1,962,491	(1,845,358)	27,724	144,857
With donor restrictions	363,434	-	-	363,434
Total net assets (deficit)	2,325,925	(1,845,358)	27,724	508,291
Total liabilities and net assets (deficit)	$ 3,268,463	$ 16,962	$ 53,288	$ 3,338,713

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

For the year ended December 31, 2019

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Support and Revenue				
Homes sold	$ 441,000	$ -	$ -	$ 441,000
Grant income	392,546	-	12,500	405,046
Contributions	52,766	-	64	52,830
In-kind support	181,385	-	-	181,385
Interest income	48,856	-	-	48,856
Miscellaneous income	69,350	-	5	69,355
Property development income	15,000	-	-	15,000
Transfers in/out	(66,850)	66,850	-	-
Total support and revenue	1,134,053	66,850	12,569	1,213,472
Expenses				
Program expenses:				
Cost of homes sold:				
Inventory costs	443,316	-	19,710	463,026
Closing costs paid by seller	24,065	-	-	24,065
Total costs of homes sold	467,381	-	19,710	487,091
Home development	341,698	-	-	341,698
Vacant land management	28,728	-	41	28,769
Community engagement	134,130	-	709	134,839
Total program expenses	971,937	-	20,460	992,397
Administrative expenses	314,374	74,179	2,514	391,067
Marketing/ fundraising	94,525	-	352	94,877
Total expenses	1,380,836	74,179	23,326	1,478,341
Change net assets	(246,783)	(7,329)	(10,757)	(264,869)
Net Assets (Deficit)				
Beginning of year	2,325,925	(1,845,358)	27,724	508,291
End of year	$ 2,079,142	$ (1,852,687)	$ 16,967	$ 243,422

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Jericho Road Episcopal Housing Initiative, Inc. 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
Operating 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				
Program 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
Home development	293,832	-	-	293,832
Vacant land management	78,763	-	-	78,763
Community engagement	115,839	-	-	115,839
Total program expenses	1,034,531	-	17,882	1,052,413
Administrative expenses	377,686	73,731	26,538	477,955
Marketing/ fundraising	74,061	-	-	74,061
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 (Deficit)				
Beginning of year	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 EXPENSES

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

For the year ended December 31, 2019

	Jericho Road Episcopal Housing Initiative, L.L.C.	Jericho QALICB, L.L.C.	Project Homecoming Inc.	Totals
Expenses				
Advertising and marketing	$ 4,064	$ -	$ 352	$ 4,416
Amortization	38,602	5,329	-	43,931
Bad debt	19,965	-	-	19,965
Bank fees	4,564	-	44	4,608
Business registration fees	387	-	-	387
Community development contract labor	43,686	-	-	43,686
Community promotions	35,065	-	709	35,774
Computer software and equipment	4,210	-	-	4,210
Continuing education	439	-	-	439
Cost of homes sold	467,381	-	19,710	487,091
Depreciation	211	-	676	887
Fundraising	3,341	-	-	3,341
Home development	99,703	-	942	100,645
Insurance	54,368	-	-	54,368
Interest	44,404	48,850	-	93,254
Miscellaneous	7,503	-	1	7,504
Office supplies	16,772	-	801	17,573
Payroll taxes	12,837	-	-	12,837
Postage	165	-	-	165
Printing and copying	4,856	-	-	4,856
Professional fees	15,535	20,000	50	35,585
Rent	26,396	-	-	26,396
Salaries and benefits	290,182	-	-	290,182
Salaries and benefits in-kind	178,015	-	-	178,015
Telephone expense	2,657	-	-	2,657
Travel and meetings	1,908	-	-	1,908
Vacant land management	3,620	-	41	3,661
Total expenses	$ 1,380,836	$ 74,179	$ 23,326	$ 1,478,341

CONSOLIDATING STATEMENT OF EXPENSES

Jericho Road Episcopal Housing Initiative, Inc. 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 development contract labor	31,950	-	-	31,950
Community promotions	12,400	-	-	12,400
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 OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Jericho Road Episcopal Housing Initiative, Inc. and Affiliates

New Orleans, Louisiana

For the year ended December 31, 2019

Agency Head Name: Nicole Barnes, Executive Director

Purpose	
Salary	$ 90,000
Benefits - insurance	9,375
Benefits - retirement	8,100
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
	$ 108,675

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, Inc. 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, Inc. and Affiliates (a non-profit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019 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 23, 2020.

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.

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

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 23, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended December 31, 2019

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, 2019, and therefore, is exempt from the audit requirements under the *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, 2019.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2019.

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, 2019, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

<u>REPORTS BY MANAGEMENT</u>

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

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

For the year ended December 31, 2019

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, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN ON CURRENT YEAR FINDINGS

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

For the year ended December 31, 2019

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, 2019.

Compliance and Other Matters

No compliance findings, material to the consolidated financial statements, were reported during the audit for the year ended December 31, 2019.

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, 2019, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2019.