



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

December 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The St. Bernard Project, Inc. d/b/a SBP, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SBP, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SBP, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SBP, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Other Matters

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of SBP, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SBP, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana
June 28, 2024

Wegmann Dazet

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,112,329	\$ 8,343,131
Investments - current	6,353,652	5,127,161
Accounts receivable	2,882,991	2,057,958
Promises to give	775,757	179,932
Grants receivable - other	79,049	704,210
Grants receivable - federal	1,880,523	5,605,474
Construction in process	1,586,100	3,779,996
Real estate held for sale	70,680	70,680
Due from related parties	410,302	16,612
Other current assets	<u>271,297</u>	<u>434,047</u>
Total current assets	<u>27,422,680</u>	<u>26,319,201</u>
Investments - noncurrent	2,852,641	3,684,670
Due from related parties	664,197	-
Property and equipment, at cost less accumulated depreciation	6,370,727	6,461,181
Construction in process	2,335,645	1,426,535
Operating lease - right of use assets, net	96,114	133,066
Accounts receivable - noncurrent	-	1,545
Notes receivable - promissory notes	2,432,208	1,555,735
Other noncurrent assets	<u>25,278</u>	<u>6,100</u>
Total assets	<u><u>\$ 42,199,490</u></u>	<u><u>\$ 39,588,033</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,098,841	\$ 1,380,856
Accrued payroll and related liabilities	345,197	757,828
Refundable grant advances	3,707,807	1,064,966
Due to related parties	3,570	221,762
Current portion of long-term debt	131,000	126,000
Current portion of operating lease obligations	<u>97,538</u>	<u>107,170</u>
Total current liabilities	<u>5,383,953</u>	<u>3,658,582</u>
Long-term debt, less current portion and unamortized issuance costs	4,014,451	3,053,956
Operating lease obligations, less current portion	-	27,320
Total liabilities	<u><u>9,398,404</u></u>	<u><u>6,739,858</u></u>
NET ASSETS		
Without donor restrictions	29,806,714	28,997,317
With donor purpose restrictions	<u>2,994,372</u>	<u>3,850,858</u>
Total net assets	<u><u>32,801,086</u></u>	<u><u>32,848,175</u></u>
Total liabilities and net assets	<u><u>\$ 42,199,490</u></u>	<u><u>\$ 39,588,033</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 4,343,167	\$ 670,655	\$ 5,013,822
In-kind contributions	1,759,878	-	1,759,878
Grants	18,708,147	5,458,429	24,166,576
Property management fees	110,277	-	110,277
Homeowner funding	1,009,950	-	1,009,950
Sale of properties	1,608,649	-	1,608,649
Opportunity housing income	124,039	-	124,039
Vendor incentives	54,216	-	54,216
Interest and dividend income	476,991	-	476,991
Realized and unrealized gain on investments	363,162	-	363,162
Gain on sale of assets	63,949	-	63,949
Developers fees	955,500	-	955,500
Other income	1,688,932	-	1,688,932
Net assets released from restrictions	<u>6,985,570</u>	<u>(6,985,570)</u>	<u>-</u>
 Total revenues	 <u>38,252,427</u>	 <u>(856,486)</u>	 <u>37,395,941</u>
 Expenses			
Program services			
Rebuilding	28,900,278	-	28,900,278
Opportunity housing	2,887,960	-	2,887,960
Disaster resilience and recovery lab	2,160,407	-	2,160,407
 Supporting services			
General and administrative	3,318,320	-	3,318,320
Fundraising	<u>176,065</u>	<u>-</u>	<u>176,065</u>
 Total expenses	 <u>37,443,030</u>	 <u>-</u>	 <u>37,443,030</u>
 Change in net assets	 809,397	 (856,486)	 (47,089)
 Net assets			
Beginning of year	<u>28,997,317</u>	<u>3,850,858</u>	<u>32,848,175</u>
 End of year	 <u>\$ 29,806,714</u>	 <u>\$ 2,994,372</u>	 <u>\$ 32,801,086</u>

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 2,930,597	\$ 1,633,635	\$ 4,564,232
In-kind contributions	1,351,863	-	1,351,863
Grants	17,140,856	12,940,752	30,081,608
Property management fees	107,297	-	107,297
Homeowner funding	142,043	106,521	248,564
Sale of properties	423,000	-	423,000
Opportunity housing income	102,326	-	102,326
Vendor incentives	92,421	-	92,421
Interest and dividend income	317,640	-	317,640
Realized and unrealized loss on investments	(586,375)	-	(586,375)
Gain on extinguishment of debt	1,540,998	-	1,540,998
Other income	508,815	-	508,815
Net assets released from restrictions	<u>16,830,758</u>	<u>(16,830,758)</u>	<u>-</u>
Total revenues	<u>40,902,239</u>	<u>(2,149,850)</u>	<u>38,752,389</u>
Expenses			
Program services			
Rebuilding	30,220,468	-	30,220,468
Opportunity housing	1,339,991	-	1,339,991
Disaster resilience and recovery lab	2,168,642	-	2,168,642
Supporting services			
General and administrative	2,787,716	-	2,787,716
Fundraising	<u>883,000</u>	<u>-</u>	<u>883,000</u>
Total expenses	<u>37,399,817</u>	<u>-</u>	<u>37,399,817</u>
Change in net assets	3,502,422	(2,149,850)	1,352,572
Net assets			
Beginning of year	<u>25,494,895</u>	<u>6,000,708</u>	<u>31,495,603</u>
End of year	<u>\$ 28,997,317</u>	<u>\$ 3,850,858</u>	<u>\$ 32,848,175</u>

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
 D/B/A SBP, INC.
 CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2023

	Program Services			Supporting Services				
	Opportunity		Disaster Resilience and Recovery Lab	Fundraising	General & Administrative			
	Rebuilding	Housing						
Advertising	\$ 19,533	\$ 595	\$ 28,815	\$ 54,400	\$ -	\$ 103,343		
Bad debt writeoff	109,329	3,372	-	-	185,633	298,334		
Building maintenance and repairs	12,553	1,717	-	-	23,605	37,875		
Construction	13,871,421	2,017,979	33,988	226	-	15,923,614		
Construction WIP	(305,607)	(2,017,979)	-	-	-	(2,323,586)		
Contract services	732,490	209,362	56,332	46,489	779,551	1,824,224		
Cost of property sold	-	2,028,954	-	-	-	2,028,954		
Depreciation expense	53,410	27,564	-	-	121,814	202,788		
Disaster deployment	9,634	-	-	-	-	9,634		
Dues and subscriptions	6,533	125	1,000	665	12,267	20,590		
Education and seminars	4,978	195	12,702	2,621	-	20,496		
Forgivable promissory note	-	1,545	-	-	-	1,545		
Fundraising expenses	11,693	251	11,862	2,845	10,062	36,713		
Grants and awards expenses	2,336,347	-	369,235	-	-	2,705,582		
Information tech	67,786	-	67	42	35	67,930		
In-kind labor	1,751,483	-	3,615	-	4,780	1,759,878		
Insurance	1,120,814	141,934	64,277	7	206,368	1,533,400		
Interest expense	8,600	-	-	-	89,589	98,189		
Miscellaneous expenses	85,876	60,189	1,068	3,300	833	151,266		
Office rent	109,673	36,966	72,010	10,850	43,789	273,288		
Office supplies	28,391	5,040	9,252	328	1,041	44,052		
Payroll - direct	8,112,832	338,572	1,092,687	1,179	1,596,124	11,141,394		
Postage and mailing service	25,249	311	152	2,488	775	28,975		
Printing	26,654	134	21,171	1,862	198	50,019		
Professional services	-	2,500	-	-	3,171	5,671		
Signature support	9,322	-	-	-	-	9,322		
Software licenses and fees	153,564	19,938	177,621	26,725	90,191	468,039		
Special events	11,503	1,261	14,691	2,681	5,959	36,095		
Travel and meetings	409,549	1,921	188,862	19,357	117,374	737,063		
Utilities	78,420	5,514	-	-	21,291	105,225		
Vehicle expenses	38,248	-	1,000	-	3,870	43,118		
Total expenses	\$ 28,900,278	\$ 2,887,960	\$ 2,160,407	\$ 176,065	\$ 3,318,320	\$ 37,443,030		

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

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

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (47,089)	\$ 1,352,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	202,788	197,932
Amortization of debt issuance costs	-	23,109
Operating lease asset amortization	36,952	81,857
Gain on extinguishment of debt	-	(1,540,998)
Reductions made to notes receivable - promissory notes	1,545	48,274
Gain on disposal of assets	(63,949)	-
Realized and unrealized (gain) loss on investments	(363,162)	586,375
(Increase) decrease in operating assets:		
Accounts receivable	(825,032)	921,559
Promises to give	(595,825)	159,589
Grants receivable	4,350,112	(2,561,933)
Other current assets	162,750	(159,630)
Due from related parties	226,899	6,235
Deposits	(19,178)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(282,015)	658,792
Accrued payroll and related liabilities	(412,632)	292,127
Refundable grant advances	2,642,841	264,966
Due to related party	(218,192)	-
Other long-term liabilities	-	(22,000)
Operating lease obligations	(36,952)	(80,433)
Net cash provided by operating activities	<u>4,759,861</u>	<u>228,393</u>
Cash flows from investing activities:		
Proceeds from disposal of assets	69,179	-
Construction in process	-	(2,717,267)
Purchase of property and equipment	(117,564)	(44,571)
Purchase of investments	(5,500,855)	(6,354,017)
Proceeds from sale of investments	5,469,555	4,580,703
Other noncurrent assets	(876,473)	(455,735)
Net cash used by investing activities	<u>(956,158)</u>	<u>(4,990,887)</u>
Cash flows from financing activities:		
Borrowings under long-term debt	1,098,679	3,179,956
Repayments of long-term debt	(133,184)	(1,500,000)
Net cash provided by financing activities	<u>965,495</u>	<u>1,679,956</u>
Net increase (decrease) in cash and cash equivalents	4,769,198	(3,082,538)
Cash and cash equivalents at beginning of year	<u>8,343,131</u>	<u>11,425,669</u>
Cash and cash equivalents at end of year	<u>\$ 13,112,329</u>	<u>\$ 8,343,131</u>

See accompanying Notes to Consolidated Financial Statements.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

1) Nature of activities

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

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

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

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

SBP L9 Developer II, LLC is a Louisiana limited liability company, owned 100% by SBP, Inc. which entered into a developer service agreement on November 1, 2023, with SBP L9 II, LLC, a non-consolidated Louisiana limited liability company, to provide services related to the 39-unit scattered-site project located in New Orleans, Louisiana and commonly known as "St. Claude Gardens II".

2) Summary of significant accounting policies

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

(a) Financial statement presentation

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

(b) Revenue recognition

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

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

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

2) Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

The Organization measures revenue for qualifying exchange transactions based on the amount of consideration expected to be received for the transfer of goods or services to a customer, then recognizes this revenue when or as it satisfies its performance obligations under the contract.

Revenue from rental agreements with tenants is recognized as earned in accordance with Accounting Standards Codification (ASC) 842, *Leases*. Real estate sales are recognized at the time the sale is complete and title has transferred to the buyer.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date, which are neither held for nor restricted by donors for long-term purposes, are classified as cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

(d) Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investments with maturity dates greater than one year are classified as long-term.

(e) Accounts receivable and promises to give

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

Promises to give consists of unconditional promises to give that are expected to be collected in future years and are recorded at the present value of their estimated future cash flows.

An allowance for credit losses has been maintained for estimated losses resulting from the inability of its tenants or donors to make payments. The Organization's estimate for the allowance for credit losses is based on a review of the current accounts receivable and promises to give. Accounts receivable is presented net of an allowance for credit losses of \$186,296 and \$160,559 as of December 31, 2023 and 2022, respectively. No allowances have been recorded for promises to give as of December 31, 2023 and 2022, as management believes all promises to give are collectible.

The opening balance of accounts receivable at January 1, 2022 was \$2,979,517.

(f) Real estate held for rental

Real estate held for rental is carried at cost plus construction costs and an overhead allocation and is included in property and equipment on the consolidated statements of financial position. The real estate has been acquired to be rehabilitated and rented to qualified homeowners.

(g) Real estate held for sale

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

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2) Summary of significant accounting policies (continued)

(h) Property and equipment

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

	<u>Useful lives</u>
Building	39 years
Real estate held for rental	39 years
Equipment	5 years
Vehicles	5 years

(i) Construction in process

Construction in process includes houses owned by the Organization that are in the process of being rehabilitated and are carried at cost plus construction costs and an overhead allocation as a current asset on the consolidated statements of financial position. The property is transferred to real estate held for sale once it is completed and ready to be put on the market for sale. Construction in process for housing projects that will be held for future use to rent out to tenants is classified as a long-term asset on the consolidated statements of financial position.

(j) Income taxes

SBP, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. SBP, Inc.'s determination letter is as of May 30, 2008. Toulouse Commercial, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Toulouse Commercial, Inc.'s determination letter is as of March 27, 2015.

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

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

(k) Functional expenses

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

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

(l) Fundraising

All expenses associated with fundraising events are expensed as incurred.

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2) Summary of significant accounting policies (continued)

(m) Use of estimates

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

(n) Leases

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

(o) Concentrations of credit risk

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

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

(p) Donated services

The Organization's policy is to recognize donations of in-kind services as revenue at fair value in the period such contributions are made. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received volunteer help to renovate homes destroyed by natural disasters. The estimated value of the contributed services for the years ended December 31, 2023 and 2022 was \$1,759,878 and \$1,351,863, respectively.

(q) Donated supplies

Noncash donations are recorded as contributions at their fair value at the date of donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. The estimated value of the donated goods for the years ended December 31, 2023 and 2022 was \$531,967 and \$644,913, respectively. The donated goods for 2023 and 2022 consisted of building supplies to renovate homes destroyed by natural disasters.

(r) Reclassification

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

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2) Summary of significant accounting policies (continued)

(s) Accounting standards recently adopted

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in the standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable and promises to give. The Organization has adopted this standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

(t) Net assets

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

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

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

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

(u) Impairment of long-lived assets

The Organization reviews property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Organization did not recognize any impairment losses in 2023 or 2022 related to assets held for use or sale.

The Organization evaluates whether events and circumstances have occurred that indicate the operating lease right of use assets have been impaired. Measurement of any impairment is based on estimated fair values. Once a right of use asset is impaired, the carrying amount of the right of use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis. During 2023 and 2022, the Organization determined that the carrying amount of right of use assets has not exceeded its fair value; accordingly, no impairment losses exist.

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3) Grants receivable

SBP, Inc. was awarded various grants through federal, state and other agencies. Most of the grants are considered to be exchange transactions. Balances due from the grants at year end are included in grants receivable. Grants receivable of state and other agencies for the years ended December 31, 2023 and 2022 was \$79,049 and \$704,210, respectively. Federal financial assistance included in grants receivable at year end is as follows:

	2023			
	Due from grant at beginning of year	Grant receipts	Grant expenditures	Due from grant at end of year
AmeriCorp National Grant	\$ 365,620	\$(3,344,220)	\$3,146,096	\$ 167,496
U.S. Department of HUD				
City of New Orleans (\$375k)	373,709	(373,709)	-	-
City of New Orleans (Sub Rehab)	731,943	-	3,393	735,336
New York	418,743	(66,934)	-	351,809
North Carolina	-	(118,125)	401,000	282,875
City of Columbia	3,329,761	(6,457,873)	3,128,112	-
HUD – VHRMP 2019	182,206	(282,935)	193,147	92,418
HUD – VHRMP 2020	131,185	(243,312)	262,920	150,793
HUD – OHAMP	72,307	(231,458)	258,947	99,796
Total federal assistance	<u>\$5,605,474</u>	<u>\$(11,118,566)</u>	<u>\$7,393,615</u>	<u>\$1,880,523</u>

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

4) Investments and fair value measurement

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

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4) Investments and fair value measurement (continued)

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

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

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

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

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

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

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

Investments consist of the following at December 31, 2023:

	<u>Level 1</u>
Equity securities	\$ 1,516,404
U.S. treasury securities	1,212,349
U.S. government bonds	174,969
Corporate bonds	<u>6,302,571</u>
	<u>\$ 9,206,293</u>

Investments consist of the following at December 31, 2022:

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

A summary of return on investments consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 355,455	\$ 216,803
Realized and unrealized		
Income (loss)	363,162	(586,375)
Total return (loss)	<u>\$ 718,617</u>	<u>\$ (369,572)</u>

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5) Property and equipment

Property and equipment is summarized as follows:

	2023	2022
Land	\$ 1,080,000	\$ 1,080,000
Building	4,206,509	4,206,509
Equipment	186,899	160,082
Real estate held for rental	2,142,607	2,142,607
Vehicles	349,461	316,196
Total cost	<u>7,965,476</u>	<u>7,905,394</u>
Less: accumulated depreciation	(1,594,749)	(1,444,213)
Property and equipment, net	<u><u>\$ 6,370,727</u></u>	<u><u>\$ 6,461,181</u></u>

6) Notes receivable - promissory notes

The Organization has promissory notes receivable totaling \$-0- and \$1,545 in connection with the sale of various properties as of December 31, 2023 and 2022, respectively. The promissory notes become due and payable if the borrower fails to occupy the residence for a five or ten year period after initial purchase date, fails to maintain homeowner's and flood insurance during the five or ten years or fails to pay property taxes when they become due during the five or ten year period. There has been no breach of the promissory notes as of December 31, 2023 or 2022.

The Organization will reduce the balance on the notes over the next ten years as outlined in the notes based on compliance with the terms of the agreement. A total of \$1,545 and \$48,274 was written off in 2023 and 2022, respectively.

7) Notes receivable

As part of a New Markets Tax Credit transaction, SBP, Inc. entered into an agreement on January 16, 2014 to lend FNBC NMTC Hybrid Fund, LLC ("NMTC, LLC"), \$2,122,500 in the form of a subordinate loan note. NMTC, LLC then loaned these funds to SPB Real Estate, Inc, which is a related party of the organization as further discussed in Note 15. The note receivable accrues interest at a rate of 1.41% and interest is paid quarterly. Interest earned and received on the loan was approximately \$-0- as of December 31, 2023 and 2022, respectively. On October 23, 2020, NMTC, LLC exercised its redemption and assignment option transferring its note receivable due from SPB Real Estate, Inc. over to SBP, Inc. Accordingly, the balance of this note receivable is presented as notes receivable – related party. The outstanding principal as of December 31, 2023 and 2022 was \$-0- and \$2,122,500, respectively. At December 31, 2022, the balance of this note receivable was fully reserved in anticipation that the note receivable will be forgiven.

SBP, Inc. entered into an agreement on June 30, 2015, as part of a New Markets Tax Credit Transaction, to lend Toulouse Investment Fund, LLC, \$4,823,000 in the form of a subordinate loan note. The outstanding principal as of December 31, 2023 and 2022 totaled \$-0- for both years. The note accrued interest at a rate of 2.02% and interest was paid quarterly. On April 28, 2022 the Fund Member exercised its put option to sell the Investment Fund and SBP, Inc. became the sole member of the Investment Fund. See Note 12 for additional disclosures related to the new markets tax credit and the gain on extinguishment.

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8) Liquidity and availability

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

Financial assets:	
Cash and cash equivalents	\$ 13,112,329
Investments - current	6,353,652
Accounts receivable	2,882,990
Promises to give	775,757
Grants receivable - other	79,049
Grants receivable - federal	1,880,523
Less with donor restrictions for a specific purpose	<u>(2,994,372)</u>
Financial assets available for general expenditure	<u><u>\$ 22,089,928</u></u>

This amount is approximately 59% of total expenditures for 2023, so the Organization believes it will be able to conduct its activities at a similar level for the coming year even if revenues decline.

9) Commitments and contingencies

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

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

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

10) Line of credit

The Organization has an \$850,000 unsecured line of credit with a bank for its working capital needs with a maturity date of March 27, 2025. The interest rate on the line is variable, as per the agreement (7.5% at December 31, 2023). There was no balance on the line as of December 31, 2023 and 2022.

11) Grant note payable

SBP, Inc. was awarded a grant from the New Orleans Redevelopment Authority (“NORA”) to assist with the development of single-family housing for low income families. The grant awarded provides up to \$100,000 of assistance per property and of this total, up to \$50,000 per property is payable back to NORA. As of December 31, 2023 and 2022, SBP, Inc. had a \$520,000 and \$190,000 payable to NORA, respectively, which is recorded in accrued expenses.

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12) New markets tax credit

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

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

13) Other noncurrent assets

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

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

The Organization has contributed to a Recovery Acceleration Fund (RAF). The RAF is intended to help low-income disaster survivors awaiting federal disaster assistance who do not have the ability to self-finance their home construction projects. The RAF pre-qualifies survivors for the disaster recovery program and provides them with critical loan funding that they will use to make their necessary home repairs. The RAF clients will repay the loan funding by using federal funds once they are approved by the state agencies. A balance of \$1,332,208 and \$455,735 was in the RAF as of December 31, 2023 and 2022, respectively, and is included in other noncurrent assets on the consolidated statements of financial position.

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14) Long-term debt

Long-term debt of the Organization at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Two CDBG loans from the City of Houston with no principal or interest payments due or payable unless there is default under the terms of the agreement. If no events occur for a period of 20 years after project completion, the note payable will be deemed paid in full. Additional funds will be drawn on this loan as construction progresses. The maximum amount that can be drawn on this loan is \$4,474,703.	\$ 1,779,422	\$ 680,743
Note payable to a lender with interest at a rate of 4.0%. Monthly payments of approximately \$18,500 are due and the loan has a maturity date of November 2037.	<u>2,366,029</u>	<u>2,499,213</u>
Total long-term debt	4,145,451	3,179,956
Less: current portion	<u>(131,000)</u>	<u>(126,000)</u>
Long-term debt, net	<u>\$ 4,014,451</u>	<u>\$ 3,053,956</u>

The maturities of long-term debt are as follows:

2024	\$ 131,000
2025	136,000
2026	141,000
2027	147,000
2028	153,000
Thereafter	3,306,451

15) Related party transactions

SBP, Inc. has an economic interest in SBP Real Estate, Inc., it does not have control. Therefore, the operations of SBP Real Estate, Inc. are not consolidated in the financial statements of the Organization. SBP, Inc. and SBP Real Estate, Inc. share a common focus on providing assistance to disaster-impacted communities through the construction, renovation and promotion of affordable housing.

SBP, Inc. has a balance of \$175,642 and \$16,612 due from SBP Real Estate, Inc. as of December 31, 2023 and 2022, respectively. SBP, Inc. has a \$199,428 and \$221,886 balance due from SBP Real Estate, Inc. included in accounts receivable at December 31, 2023 and 2022, respectively.

SBP, Inc. has a balance of \$197,890 and \$(221,762) due from (to) SBP St. Peter, LLC as of December 31, 2023 and 2022, respectively. SBP, Inc. has a \$261,396 and \$163,922 balance due from SBP St. Peter, LLC included in accounts receivable at December 31, 2023 and 2022, respectively.

SBP, Inc. has a \$115,568 balance due from SBP L9, LLC included in accounts receivable at December 31, 2023.

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16) Operating leases

The Organization leases office space for its Bahamas, New York, Texas, Puerto Rico and Florida locations. These leases expire at various dates through December 2024. The weighted average remaining lease term and discount rate are 0.8 years and 1.63%, respectively. Total rent expense for these leases, which is included in occupancy expense was \$148,808 and \$110,174 for the years ended December 31, 2023 and 2022, respectively.

Future maturities of lease liabilities as of December 31, 2023 are as follows:

2024	<u>\$ 98,933</u>
	98,933
Less: imputed interest	<u>(1,395)</u>
	<u><u>\$ 97,538</u></u>

Operating lease right-of-use asset consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use asset	\$ 214,923	\$ 214,923
Less: accumulated amortization	(118,809)	(81,857)
	<u><u>\$ 96,114</u></u>	<u><u>\$ 133,066</u></u>

SBP, Inc. leases office space to various other organizations. The Organization recognized \$110,277 and \$107,297 of income on these leases for the years ended December 31, 2023 and 2022, respectively. The leases expire at various dates through July 2025.

Future minimum rental payments under the leases are as follows:

2024	\$ 101,922
2025	39,809

17) Economic dependence

In 2023, the Organization received approximately 65% of its revenue from federal, state and other grants and 12% from contributions. In 2022, the Organization received approximately 78% of its revenue from federal, state and other grants and 10% from contributions.

18) Supplementary disclosures of cash flows information

	<u>2023</u>	<u>2022</u>
Cash paid for interest	<u>\$ 98,189</u>	<u>\$ 139,719</u>
Construction in process converted to due from related party	<u>\$ 1,284,786</u>	<u>\$ -</u>

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19) Net assets with donor restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Lake Charles - Hurricane Laura and Delta and Other	\$ -	\$ 5,087
Texas - Hurricane Harvey	- -	596,986
Florida - Hurricane Ian	309,216	316,986
Louisiana - Hurricane Ida	665,185	1,106,915
Disaster Assistance Program	612,171	488,147
Hawaii - Wildfires (2023)	989,931	-
Kentucky - Tornado (2022)	- -	265,931
National Share Program	417,869	538,778
National Prepare Program	- -	86,924
Bahamas - Hurricane Dorian	- -	198,766
St. Vincent - Volcano	- -	246,338
Total net assets with donor purpose restrictions	<u>\$ 2,994,372</u>	<u>\$ 3,850,858</u>

20) Net assets released from restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Lake Charles - Hurricane Laura and Delta and Other	\$ 5,087	\$ 2,383,714
Texas - Hurricane Harvey	596,986	3,056,678
Texas - Winter Storm Uri	- -	306,772
Florida - Hurricane Ian	4,274,778	1,108,124
Louisiana - Hurricane Ida	535,777	2,367,754
Disaster Assistance Program	147,322	396,647
Hawaii - Wildfires (2023)	226,404	-
Kentucky - Tornado (2022)	265,931	-
National Share Program	401,257	3,641,647
National Prepare Program	86,924	63,076
Bahamas - Hurricane Dorian	198,766	3,352,527
St. Vincent - Volcano	246,338	153,819
Total net assets released from restrictions	<u>\$ 6,985,570</u>	<u>\$ 16,830,758</u>

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

21) Employee benefit plan

The Organization maintains a 401(k) retirement plan for the benefit of all eligible employees, whereby the employees may elect to defer compensation pursuant to a salary reduction agreement. The Organization contributes a match as described in the plan documents. For the years ended December 31, 2023 and 2022, the Organization contributed \$92,760 and \$26,742, respectively.

22) Insurance proceeds

In February 2023, the Organization experienced a fire in a rental development in Houston, Texas, that resulted in property damage of approximately \$959,000. The Organization's property insurance covered approximately \$834,000 of the total losses incurred. No other insurance proceeds are expected to be received related to this matter.

23) Subsequent events

On March 29, 2024, the Organization obtained a loan facility consisting of a \$2,000,000 Senior Secured Term Loan (collectively, the "Facility"). Proceeds from the Facility will be used to facilitate the funding of the Organizations' Recovery Acceleration Fund (RAF) program as mentioned in Note 13. The Facility will be for a four-year term including an interest rate tied to a base rate of 8%.

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of SBP, Inc. and subsidiaries as of and for the years ended December 31, 2023 and 2022, and our report thereon dated June 28, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies, and it 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.

Metairie, Louisiana
June 28, 2024

Wegmann Dazet

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

	December 31, 2023								
	SBP, Inc.	Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	SBP L9 Developer, LLC	SBP L9 Developer II, LLC	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals	
ASSETS									
Current assets									
Cash and cash equivalents	\$ 12,238,959	\$ 873,370	\$ -	\$ -	\$ -	\$ 13,112,329	\$ -	\$ 13,112,329	
Investments - current	6,353,652	-	-	-	-	6,353,652	-	6,353,652	
Accounts receivable	1,396,161	250	575,876	155,910	955,500	3,083,697	(200,706)	2,882,991	
Promises to give	775,757	-	-	-	-	775,757	-	775,757	
Grants receivable - other	79,049	-	-	-	-	79,049	-	79,049	
Grants receivable - federal	1,880,523	-	-	-	-	1,880,523	-	1,880,523	
Construction in process	1,586,100	-	-	-	-	1,586,100	-	1,586,100	
Real estate held for sale	70,680	-	-	-	-	70,680	-	70,680	
Due from related parties	410,302	-	-	977,272	-	1,387,574	(977,272)	410,302	
Other current assets	274,058	(2,761)	-	-	-	271,297	-	271,297	
Total current assets	25,065,241	870,859	575,876	1,133,182	955,500	28,600,658	(1,177,978)	27,422,680	
Investments - noncurrent	2,852,641	-	-	-	-	2,852,641	-	2,852,641	
Due from related parties	271,018	-	326,361	66,818	-	664,197	-	664,197	
Property and equipment, net	2,036,093	5,187,091	-	-	-	7,223,184	(852,457)	6,370,727	
Construction in process	2,335,645	-	-	-	-	2,335,645	-	2,335,645	
Operating lease - right of use assets, net	96,114	-	-	-	-	96,114	-	96,114	
Notes receivable	2,347,770	-	-	-	-	2,347,770	(2,347,770)	-	
Other noncurrent assets	2,432,208	-	-	-	-	2,432,208	-	2,432,208	
Deposits	19,178	6,100	-	-	-	25,278	-	25,278	
Total assets	<u>\$ 37,455,908</u>	<u>\$ 6,064,050</u>	<u>\$ 902,237</u>	<u>\$ 1,200,000</u>	<u>\$ 955,500</u>	<u>\$ 46,577,695</u>	<u>\$ (4,378,205)</u>	<u>\$ 42,199,490</u>	
LIABILITIES									
Current liabilities									
Accounts payable and accrued expenses	\$ 1,093,805	\$ 5,036	\$ -	\$ -	\$ -	\$ 1,098,841	\$ -	\$ 1,098,841	
Accrued payroll and related liabilities	345,197	-	-	-	-	345,197	-	345,197	
Refundable grant advances	3,707,807	-	-	-	-	3,707,807	-	3,707,807	
Due to related party	1,177,978	3,570	-	-	-	1,181,548	(1,177,978)	3,570	
Current portion of long-term debt	-	131,000	-	-	-	131,000	-	131,000	
Current portion of operating lease obligations	97,538	-	-	-	-	97,538	-	97,538	
Total current liabilities	6,422,325	139,606	-	-	-	6,561,931	(1,177,978)	5,383,953	
Long-term debt, less current portion and unamortized issuance costs	1,779,422	4,582,799	-	-	-	6,362,221	(2,347,770)	4,014,451	
Total liabilities	<u>8,201,747</u>	<u>4,722,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,924,152</u>	<u>(3,525,748)</u>	<u>9,398,404</u>	
NET ASSETS									
Without donor restrictions	26,259,789	1,341,645	902,237	1,200,000	955,500	30,659,171	(852,457)	29,806,714	
With donor purpose restrictions	2,994,372	-	-	-	-	2,994,372	-	2,994,372	
Total net assets	<u>29,254,161</u>	<u>1,341,645</u>	<u>902,237</u>	<u>1,200,000</u>	<u>955,500</u>	<u>33,653,543</u>	<u>(852,457)</u>	<u>32,801,086</u>	
Total liabilities and net assets	<u>\$ 37,455,908</u>	<u>\$ 6,064,050</u>	<u>\$ 902,237</u>	<u>\$ 1,200,000</u>	<u>\$ 955,500</u>	<u>\$ 46,577,695</u>	<u>\$ (4,378,205)</u>	<u>\$ 42,199,490</u>	

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

December 31, 2022

	SBP, Inc.	Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	SBP L9 Developer, LLC	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS							
Current assets							
Cash and cash equivalents	\$ 7,531,977	\$ 811,154	\$ -	\$ -	\$ 8,343,131	\$ -	\$ 8,343,131
Investments - current	5,127,161	-	-	-	5,127,161	-	5,127,161
Accounts receivable	932,993	-	1,087,870	222,728	2,243,591	(185,633)	2,057,958
Promises to give	179,932	-	-	-	179,932	-	179,932
Grants receivable - other	704,210	-	-	-	704,210	-	704,210
Grants receivable - federal	5,605,474	-	-	-	5,605,474	-	5,605,474
Construction in process	3,779,996	-	-	-	3,779,996	-	3,779,996
Real estate held for sale	70,680	-	-	-	70,680	-	70,680
Due from related party	16,612	-	-	977,272	993,884	(977,272)	16,612
Other current assets	418,074	15,973	-	-	434,047	-	434,047
Total current assets	24,367,109	827,127	1,087,870	1,200,000	27,482,106	(1,162,905)	26,319,201
Investments - noncurrent	3,684,670	-	-	-	3,684,670	-	3,684,670
Property and equipment, net	2,007,370	5,306,268	-	-	7,313,638	(852,457)	6,461,181
Construction in process	1,426,535	-	-	-	1,426,535	-	1,426,535
Operating lease - right of use assets, net	133,066	-	-	-	133,066	-	133,066
Notes receivable - promissory notes	1,545	-	-	-	1,545	-	1,545
Notes receivable	2,347,770	-	-	-	2,347,770	(2,347,770)	-
Other noncurrent assets	1,555,735	-	-	-	1,555,735	-	1,555,735
Deposits	-	6,100	-	-	6,100	-	6,100
Total assets	\$ 35,523,800	\$ 6,139,495	\$ 1,087,870	\$ 1,200,000	\$ 43,951,165	\$ (4,363,132)	\$ 39,588,033
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,362,213	\$ 18,643	\$ -	\$ -	\$ 1,380,856	\$ -	\$ 1,380,856
Accrued payroll and related liabilities	757,828	-	-	-	757,828	-	757,828
Refundable grant advances	1,064,966	-	-	-	1,064,966	-	1,064,966
Due to related party	1,384,667	-	-	-	1,384,667	(1,162,905)	221,762
Current portion of long-term debt	-	126,000	-	-	126,000	-	126,000
Current portion of operating lease obligations	107,170	-	-	-	107,170	-	107,170
Total current liabilities	4,676,844	144,643	-	-	4,821,487	(1,162,905)	3,658,582
Long-term debt, less current portion and unamortized issuance costs	680,743	4,720,983	-	-	5,401,726	(2,347,770)	3,053,956
Operating lease obligations, less current portion	27,320	-	-	-	27,320	-	27,320
Total liabilities	5,384,907	4,865,626	-	-	10,250,533	(3,510,675)	6,739,858
NET ASSETS							
Without donor restrictions	26,288,035	1,273,869	1,087,870	1,200,000	29,849,774	(852,457)	28,997,317
With donor purpose restrictions	3,850,858	-	-	-	3,850,858	-	3,850,858
Total net assets	30,138,893	1,273,869	1,087,870	1,200,000	33,700,632	(852,457)	32,848,175
Total liabilities and net assets	\$ 35,523,800	\$ 6,139,495	\$ 1,087,870	\$ 1,200,000	\$ 43,951,165	\$ (4,363,132)	\$ 39,588,033

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023

	SBP, Inc. Without Donor Restrictions	SBP, Inc. With Donor Restrictions	Toulouse Commercial, Inc. Without Donor Restrictions	SBP St. Peter Developer, LLC Without Donor Restrictions	SBP L9 Developer, LLC Without Donor Restrictions	SBP L9 Developer II, LLC Without Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues									
Contributions	\$ 4,343,167	\$ 670,655	\$ -	\$ -	\$ -	\$ -	\$ 5,013,822	\$ -	\$ 5,013,822
In-kind contributions	1,759,878	-	-	-	-	-	1,759,878	-	1,759,878
Grants	18,708,147	5,458,429	-	-	-	-	24,166,576	-	24,166,576
Property management fees	110,277	-	-	-	-	-	110,277	-	110,277
Homeowner funding	1,009,950	-	-	-	-	-	1,009,950	-	1,009,950
Sale of properties	1,608,649	-	-	-	-	-	1,608,649	-	1,608,649
Opportunity housing income	124,039	-	-	-	-	-	124,039	-	124,039
Vendor incentives	54,216	-	-	-	-	-	54,216	-	54,216
Interest and dividend income	476,991	-	-	-	-	-	476,991	-	476,991
Realized and unrealized gain on investments	363,162	-	-	-	-	-	363,162	-	363,162
Gain on sale of assets	63,949	-	-	-	-	-	63,949	-	63,949
Rental income	-	-	377,165	-	-	-	377,165	(377,165)	-
Developers fees	-	-	-	-	-	955,500	955,500	-	955,500
Other income	1,688,932	-	-	-	-	-	1,688,932	-	1,688,932
Net assets released from restrictions	6,985,570	(6,985,570)	-	-	-	-	-	-	-
Total revenues	37,296,927	(856,486)	377,165	-	-	955,500	37,773,106	(377,165)	37,395,941
Expenses									
Program services									
Rebuilding	29,058,688	-	-	-	-	-	29,058,688	(158,410)	28,900,278
Opportunity housing	2,936,991	-	-	-	-	-	2,936,991	(49,031)	2,887,960
Disaster resilience and recovery lab	2,262,242	-	-	-	-	-	2,262,242	(101,835)	2,160,407
Supporting services									
General and administrative	2,876,101	-	309,389	185,633	-	-	3,371,123	(52,803)	3,318,320
Fundraising	191,151	-	-	-	-	-	191,151	(15,086)	176,065
Total expenses	37,325,173	-	309,389	185,633	-	-	37,820,195	(377,165)	37,443,030
Change in net assets	(28,246)	(856,486)	67,776	(185,633)	-	955,500	(47,089)	-	(47,089)
Net assets									
Beginning of year	26,288,035	3,850,858	1,273,869	1,087,870	1,200,000	-	33,700,632	(852,457)	32,848,175
End of year	\$ 26,259,789	\$ 2,994,372	\$ 1,341,645	\$ 902,237	\$ 1,200,000	\$ 955,500	\$ 33,653,543	\$ (852,457)	\$ 32,801,086

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

	SBP, Inc. Without Donor Restrictions	SBP, Inc. With Donor Restrictions	Toulouse Commercial, Inc. Without Donor Restrictions	SBP St. Peter Developer, LLC Without Donor Restrictions	SBP L9 Developer, LLC Without Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues								
Contributions	\$ 2,930,597	\$ 1,633,635	\$ -	\$ -	\$ -	\$ 4,564,232	\$ -	\$ 4,564,232
In-kind contributions	1,351,863	-	-	-	-	1,351,863	-	1,351,863
Grants	17,140,856	12,940,752	-	-	-	30,081,608	-	30,081,608
Property management fees	107,297	-	-	-	-	107,297	-	107,297
Homeowner funding	142,043	106,521	-	-	-	248,564	-	248,564
Sale of properties	423,000	-	-	-	-	423,000	-	423,000
Opportunity housing income	102,326	-	-	-	-	102,326	-	102,326
Vendor incentives	92,421	-	-	-	-	92,421	-	92,421
Interest and dividend income	317,640	-	-	-	-	317,640	-	317,640
Realized and unrealized loss on investments	(586,375)	-	-	-	-	(586,375)	-	(586,375)
Rental income	-	-	366,179	-	-	366,179	(366,179)	-
Gain on extinguishment of debt	-	-	1,540,998	-	-	1,540,998	-	1,540,998
Other income	508,815	-	-	-	-	508,815	-	508,815
Net assets released from restrictions	<u>16,830,758</u>	<u>(16,830,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>39,361,241</u>	<u>(2,149,850)</u>	<u>1,907,177</u>	<u>-</u>	<u>-</u>	<u>39,118,568</u>	<u>(366,179)</u>	<u>38,752,389</u>
Expenses								
Program services								
Rebuilding	30,471,039	-	-	-	-	30,471,039	(250,571)	30,220,468
Opportunity housing	1,369,276	-	-	-	-	1,369,276	(29,285)	1,339,991
Disaster resilience and recovery lab	2,212,351	-	-	-	-	2,212,351	(43,709)	2,168,642
Supporting services								
General and administrative	2,431,081	-	382,846	-	-	2,813,927	(26,211)	2,787,716
Fundraising	<u>899,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>899,403</u>	<u>(16,403)</u>	<u>883,000</u>
Total expenses	<u>37,383,150</u>	<u>-</u>	<u>382,846</u>	<u>-</u>	<u>-</u>	<u>37,765,996</u>	<u>(366,179)</u>	<u>37,399,817</u>
Change in net assets	1,978,091	(2,149,850)	1,524,331	-	-	1,352,572	-	1,352,572
Net assets								
Beginning of year	<u>24,309,944</u>	<u>6,000,708</u>	<u>(250,462)</u>	<u>1,087,870</u>	<u>1,200,000</u>	<u>32,348,060</u>	<u>(852,457)</u>	<u>31,495,603</u>
End of year	<u>\$ 26,288,035</u>	<u>\$ 3,850,858</u>	<u>\$ 1,273,869</u>	<u>\$ 1,087,870</u>	<u>\$ 1,200,000</u>	<u>\$ 33,700,632</u>	<u>\$ (852,457)</u>	<u>\$ 32,848,175</u>

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	SBP, Inc.					Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	Totals Before Consolidating Entries				Consolidating Entries	Consolidated Totals				
	Program Services			Supporting Services				General & Administrative		General & Administrative							
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative			General & Administrative	General & Administrative	General & Administrative	General & Administrative						
Advertising	\$ 19,533	\$ 595	\$ 28,815	\$ 54,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,343	\$ -	\$ 103,343					
Bad debt writeoff	109,329	3,372	-	-	-	-	-	-	185,633	298,334	-	298,334					
Building maintenance and repairs	12,553	1,717	-	-	250	23,355	-	-	-	37,875	-	37,875					
Construction	13,871,421	2,017,979	33,988	226	-	-	-	-	-	15,923,614	-	15,923,614					
Construction WIP	(305,607)	(2,017,979)	-	-	-	-	-	-	-	(2,323,586)	-	(2,323,586)					
Contract services	732,490	209,362	56,332	46,489	775,429	4,122	-	-	-	1,824,224	-	1,824,224					
Cost of property sold	-	2,028,954	-	-	-	-	-	-	-	2,028,954	-	2,028,954					
Depreciation expense	53,410	27,564	-	-	2,637	119,177	-	-	-	202,788	-	202,788					
Disaster deployment	9,634	-	-	-	-	-	-	-	-	9,634	-	9,634					
Dues and subscriptions	6,533	125	1,000	665	12,267	-	-	-	-	20,590	-	20,590					
Education and seminars	4,978	195	12,702	2,621	-	-	-	-	-	20,496	-	20,496					
Forgivable promissory note	-	1,545	-	-	-	-	-	-	-	1,545	-	1,545					
Fundraising expenses	11,693	251	11,862	2,845	10,062	-	-	-	-	36,713	-	36,713					
Grants and awards expenses	2,336,347	-	369,235	-	-	-	-	-	-	2,705,582	-	2,705,582					
Information tech	67,786	-	67	42	35	-	-	-	-	67,930	-	67,930					
In-kind labor	1,751,483	-	3,615	-	4,780	-	-	-	-	1,759,878	-	1,759,878					
Insurance	1,120,814	141,934	64,277	7	155,325	51,043	-	-	-	1,533,400	-	1,533,400					
Interest expense	8,600	-	-	-	-	89,589	-	-	-	98,189	-	98,189					
Miscellaneous expenses	85,876	60,189	1,068	3,300	-	833	-	-	-	151,266	-	151,266					
Office rent	268,083	85,997	173,845	25,936	96,592	-	-	-	-	650,453	(377,165)	273,288					
Office supplies	28,391	5,040	9,252	328	850	191	-	-	-	44,052	-	44,052					
Payroll - direct	8,112,832	338,572	1,092,687	1,179	1,596,124	-	-	-	-	11,141,394	-	11,141,394					
Postage and mailing service	25,249	311	152	2,488	775	-	-	-	-	28,975	-	28,975					
Printing	26,654	134	21,171	1,862	198	-	-	-	-	50,019	-	50,019					
Professional services	-	2,500	-	-	3,171	-	-	-	-	5,671	-	5,671					
Signature support	9,322	-	-	-	-	-	-	-	-	9,322	-	9,322					
Software licenses and fees	153,564	19,938	177,621	26,725	90,191	-	-	-	-	468,039	-	468,039					
Special events	11,503	1,261	14,691	2,681	5,959	-	-	-	-	36,095	-	36,095					
Travel and meetings	409,549	1,921	188,862	19,357	117,374	-	-	-	-	737,063	-	737,063					
Utilities	78,420	5,514	-	-	212	21,079	-	-	-	105,225	-	105,225					
Vehicle expenses	38,248	-	1,000	-	3,870	-	-	-	-	43,118	-	43,118					
Total expenses	\$ 29,058,688	\$ 2,936,991	\$ 2,262,242	\$ 191,151	\$ 2,876,101	\$ 309,389	\$ 185,633	\$ 37,820,195	\$ (377,165)	\$ 37,443,030							

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

	SBP, Inc.						Toulouse Commercial, Inc.		
	Program Services			Supporting Services			Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	General & Administrative	\$	\$	
Advertising	\$ 18,164	\$ -	\$ 1,159	\$ -	\$ 11,296	\$ -	\$ 30,619	\$ -	\$ 30,619
Bad debt writeoff	213,000	4,623	-	-	-	-	217,623	-	217,623
Building maintenance and repairs	40,426	127	-	2	391	26,948	67,894	-	67,894
Construction	17,904,229	2,707,452	6,830	214	4,074	-	20,622,799	-	20,622,799
Construction WIP	(455,374)	(2,707,452)	-	-	-	-	(3,162,826)	-	(3,162,826)
Contract services	966,510	364,589	220,382	22,653	175,828	57,836	1,807,798	-	1,807,798
Cost of property sold	-	423,559	-	-	-	-	423,559	-	423,559
Depreciation expense	37,486	30,434	-	-	-	130,012	197,932	-	197,932
Disaster deployment	61	-	-	-	-	-	61	-	61
Dues and subscriptions	27,685	1,396	3,152	1,636	3,099	-	36,968	-	36,968
Education and seminars	5,134	-	4,749	397	4,747	-	15,027	-	15,027
Fogiveable promissory note	-	48,274	-	-	-	-	48,274	-	48,274
Fundraising expenses	107,239	5,408	12,207	6,338	12,003	-	143,195	-	143,195
Grants and awards expenses	2,773,747	-	-	1,036	-	-	2,774,783	-	2,774,783
Information tech	49,164	1,966	20,906	2,984	26,078	-	101,098	-	101,098
In-kind labor	1,312,263	39,600	-	-	-	-	1,351,863	-	1,351,863
Insurance	915,584	122,434	33,708	18,692	126,189	51,043	1,267,650	-	1,267,650
Interest expense	30,689	-	12,668	5,293	6,142	108,036	162,828	-	162,828
Miscellaneous expenses	87,684	12,455	24,411	5,980	-	-	130,530	-	130,530
Office rent	463,726	44,283	66,094	24,803	39,634	-	638,540	(366,179)	272,361
Office supplies	36,437	1,891	1,592	958	3,173	-	44,051	-	44,051
Payroll - direct	5,072,652	245,103	1,458,049	718,688	1,821,325	-	9,315,817	-	9,315,817
Postage and mailing service	12,438	113	12,674	9,562	1,196	-	35,983	-	35,983
Printing	25,665	322	25,432	12,968	1,312	-	65,699	-	65,699
Professional services	60,664	-	-	-	45,108	-	105,772	-	105,772
Signature support	23,175	21	735	308	2,753	-	26,992	-	26,992
Software licenses and fees	238,235	2,534	96,664	55,964	37,685	-	431,082	-	431,082
Special events	13,546	174	6,086	733	5,176	-	25,715	-	25,715
Travel and meetings	403,111	8,623	201,893	10,151	89,722	-	713,500	-	713,500
Utilities	53,681	11,347	-	43	13,847	8,971	87,889	-	87,889
Vehicle expenses	34,018	-	2,960	-	303	-	37,281	-	37,281
Total expenses	<u>\$ 30,471,039</u>	<u>\$ 1,369,276</u>	<u>\$ 2,212,351</u>	<u>\$ 899,403</u>	<u>\$ 2,431,081</u>	<u>\$ 382,846</u>	<u>\$ 37,765,996</u>	<u>\$ (366,179)</u>	<u>\$ 37,399,817</u>

UNIFORM GUIDANCE COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORTS



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
The St. Bernard Project, Inc.
d/b/a SBP, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of SBP, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered SBP, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of SBP, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SBP, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
June 28, 2024

Wegmann Dazet



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SBP, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SBP, Inc.'s major federal programs for the year ended December 31, 2023. SBP, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SBP, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SBP, Inc.'s compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SBP, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SBP, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Metairie, Louisiana
June 28, 2024

Wegmann Dazet

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<u>Federal Grantor/Program Title</u>	<u>AL Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD):		
CDBG - Disaster Recovery Grants Cluster:		
Passed through the City of Columbia	14.228	\$ 3,128,113
Passed through the City of Houston	14.228	1,098,678
Passed through the State of North Carolina	14.228	401,000
Passed through the City of New Orleans - CDBG	14.239	<u>3,393</u>
Total CDBG – Disaster Recovery Grant Cluster		4,631,184
Veterans Housing Rehabilitation and Modification	14.278	456,067
Older Adult Home Modification Program	14.921	<u>258,946</u>
Total U.S. HUD		<u>5,346,197</u>
Passed through the Corporation for National and Community Service:		
ARRA- AmeriCorp Grant	94.006	<u>3,146,096</u>
Total Expenditures of Federal Awards		<u>\$ 8,492,293</u>

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Note 1 General

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

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance.)* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. SBP, Inc. has not applied for its own indirect cost rate.

Note 3 Risk-based audit approach

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

Note 4 Indirect Cost Rate

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

Note 5 Loan and Loan Guarantee Programs

SBP, Inc. administers a program funded by the U.S. Department of Housing and Urban Development. Balances and transactions relating to these programs are included in the SBP, Inc.'s consolidated financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of the loans outstanding at December 31, 2023 was \$1,779,422 for Assistance Listing Number 14.228.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

1. Type of report issued on the consolidated financial statements: **Unmodified Opinion**.
2. Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements: **No**. Material weaknesses: **No**.
3. Noncompliance which is material to the consolidated financial statements: **No**.
4. Significant deficiencies in internal control over major programs: **No**. Material weaknesses: **No**.
5. Type of report issued on compliance for major programs: **Unmodified Opinion**.
6. Any audit findings which are required to be reported in accordance with 2CFR 200.516(a): **No**.
7. Major programs for the fiscal year ended December 31, 2023 were:

Veterans Housing Rehabilitation and Modification	(AL #14.278)
ARRA- AmeriCorp Grant	(AL #94.006)
8. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**.
9. Auditee qualified as a low-risk auditee under Uniform Guidance: **Yes**.
10. A management letter was issued: **No**.

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS

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

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION IV – FINDINGS AND QUESTIONED COSTS PRIOR YEAR

SCHEDULE OF FINDINGS RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

2022-001: Conditional Contribution Revenue Recognition

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Current status: SBP, Inc. has implemented policies and procedures to prevent the re-occurrence of the above isolated finding. Conditional contributions were accurately reflected as refundable grant advances in the year ended December 31, 2023. Based on the action above, the finding has been corrected as of the audit report date.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during for the year ended December 31, 2022 required to be reported.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUMMARY OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended December 31, 2023

<u>Agency Head</u>	<u>Job Title</u>	<u>Purpose</u>	<u>2023</u>
Thomas Corley	Executive Director/Improvement Officer	Salary	\$ 42,339
Reese May	Chief Innovation and Strategy Officer	Salary	24,720
Pam Kidwell	Executive Director	Salary	16,596
Edgardo Maldonado	Executive Director	Salary	25,502
Elizabeth Egle	Chief Development Officer	Salary	16,517
Kenneth Morgan Jr.	Executive Director	Salary	20,659
Elizabeth McCartney	Chief Operating Officer	Salary	18,096
Kyle Carson	Chief People Officer	Salary	39,298
Thomas Jordan	Director of Construction	Salary	43,160
Zack Rosenburg	Chief Executive Director	Salary	25,464
Keith McCulloch	Chief Financial Officer	Salary	70,806