



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

December 31, 2019 and 2018 (Restated)



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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying 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, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SBP, Inc. as of December 31, 2019 and 2018, 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.

Correction of an Error

As described in Note 20 to the consolidated financial statements, SBP, Inc. has restated its previously issued consolidated financial statements for December 31, 2018 to include the accounts of SBP L9 Developer, LLC and SBP St. Peter Developer, LLC in the consolidated financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the 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 is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 August 31, 2020, 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 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.

October 8, 2020

Wegmann Daxet + Company

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018 (Restated)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,827,070	\$ 5,437,443
Investments	4,661,545	6,528,170
Accounts receivable	3,164,704	1,099,104
Grants receivable - other	2,308,289	1,253,028
Grants receivable - federal	2,988,066	3,182,792
Construction in process	1,869,985	810,505
Real estate held for sale	70,680	70,680
Due from related party	543,821	-
Other current assets	474,988	584,883
Total current assets	19,909,148	18,966,605
Property and equipment, at cost less accumulated depreciation	6,293,459	6,497,439
Notes receivable - promissory notes	132,092	198,867
Notes receivable	6,946,000	6,946,000
Deposits	158,361	7,100
Total assets	\$ 33,439,060	\$ 32,616,011
LIABILITIES		
Current liabilities		
Line of credit	\$ 262,280	\$ 382,221
Accounts payable and accrued expenses	1,451,913	1,050,205
Accrued payroll and related liabilities	157,203	129,418
Deferred revenue	100,000	3,635
Due to related party	334,176	563,866
Total current liabilities	2,305,572	2,129,345
Long-term debt, less current portion and unamortized issuance costs	7,795,171	7,772,062
Total liabilities	10,100,743	9,901,407
NET ASSETS		
Without donor restrictions	16,142,073	12,343,246
With donor purpose restrictions	7,196,244	10,371,358
Total net assets	23,338,317	22,714,604
Total liabilities and net assets	\$ 33,439,060	\$ 32,616,011

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 5,801,729	\$ 5,305,733	\$ 11,107,462
Grants	13,480,654	6,028,342	19,508,996
Property management fees	327,508	114,668	442,176
Homeowner funding	359,011	(69,828)	289,183
Sale of properties	800,000	-	800,000
Opportunity housing income	101,965	-	101,965
Vendor incentives	185,791	-	185,791
Interest income	306,674	-	306,674
Realized and unrealized gain on investments	75,143	-	75,143
Gain on sale of assets	12,772	-	12,772
Developers fees	1,710,296	-	1,710,296
Other income	8,239	10,090	18,329
Net assets released from restrictions	14,564,119	(14,564,119)	-
Total revenues	<u>37,733,901</u>	<u>(3,175,114)</u>	<u>34,558,787</u>
Expenses			
Program services			
Rebuilding	28,285,187	-	28,285,187
Opportunity housing	1,466,344	-	1,466,344
Disaster resilience and recovery lab	2,089,097	-	2,089,097
Supporting services			
General and administrative	1,287,923	-	1,287,923
Fundraising	806,523	-	806,523
Total expenses	<u>33,935,074</u>	<u>-</u>	<u>33,935,074</u>
Change in net assets	3,798,827	(3,175,114)	623,713
Net assets			
Beginning of year	<u>12,343,246</u>	<u>10,371,358</u>	<u>22,714,604</u>
End of year	<u>\$ 16,142,073</u>	<u>\$ 7,196,244</u>	<u>\$ 23,338,317</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, 2018 (Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 4,201,708	\$ 5,567,661	\$ 9,769,369
Grants	2,681,213	11,861,449	14,542,662
Property management fees	615,920	53,192	669,112
Homeowner funding	-	1,722,577	1,722,577
Sale of properties	540,000	-	540,000
Opportunity housing income	106,889	-	106,889
Vendor incentives	64,092	26,998	91,090
Interest income	410,157	-	410,157
Realized and unrealized loss on investments	(53,330)	-	(53,330)
Gain on sale of assets	7,464	-	7,464
Developers fees	217,574	-	217,574
Other income	34,166	330	34,496
Net assets released from restrictions	<u>23,476,641</u>	<u>(23,476,641)</u>	<u>-</u>
Total revenues	<u>32,302,494</u>	<u>(4,244,434)</u>	<u>28,058,060</u>
Expenses			
Program services			
Rebuilding	25,518,238	-	25,518,238
Opportunity housing	1,223,208	-	1,223,208
Disaster resilience and recovery lab	736,894	-	736,894
Supporting services			
General and administrative	2,081,163	-	2,081,163
Fundraising	<u>833,272</u>	<u>-</u>	<u>833,272</u>
Total expenses	<u>30,392,775</u>	<u>-</u>	<u>30,392,775</u>
Change in net assets	1,909,719	(4,244,434)	(2,334,715)
Net assets			
Beginning of year	<u>10,433,527</u>	<u>14,615,792</u>	<u>25,049,319</u>
End of year	<u>\$ 12,343,246</u>	<u>\$ 10,371,358</u>	<u>\$ 22,714,604</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, 2019

	Program Services					Total Expenses
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	
Advertising	\$ 25,283	\$ 712	\$ 60,625	\$ 48,480	\$ 314	\$ 135,414
Bad debt writeoff	40,000	3,164	-	40,000	-	83,164
Building maintenance and repairs	29,044	438	146	228	16,753	46,609
Construction	13,341,073	1,082,670	18,630	1,816	107	14,444,296
Construction WIP	(1,541,840)	(1,244,628)	-	-	-	(2,786,468)
Contract services	418,691	77,068	214,110	69,949	23,443	803,261
Cost of property sold	-	881,079	-	-	-	881,079
Depreciation expense	148,422	30,434	-	-	130,012	308,868
Disaster deployment	13,629	-	55,438	-	(35)	69,032
Dues and subscriptions	3,434	259	7,049	112	3,085	13,939
Education and seminars	8,347	-	274	4,770	1,885	15,276
Forgivable promissory note	-	66,774	-	-	-	66,774
Fundraising expenses	8,642	-	50	104,052	262	113,006
Grants and awards expenses	1,785,301	-	30,000	400	-	1,815,701
Information tech	52,303	2,837	4,698	4,649	8,613	73,100
In-kind labor	4,859,568	426,942	-	-	-	5,286,510
Insurance	2,058,158	29,428	77,614	1,960	54,402	2,221,562
Interest expense	19,855	16,874	28,955	19,855	140,529	226,068
Miscellaneous expenses	68,626	2,885	38,548	18,136	42,525	170,720
Office rent	280,498	2,091	3,172	1,826	1,770	289,357
Office supplies	50,848	1,473	3,977	3,523	6,062	65,883
Payroll - direct	6,073,734	81,240	1,308,480	389,104	754,965	8,607,523
Postage and mailing service	20,426	281	2,748	7,108	1,784	32,347
Printing	30,013	837	41,775	17,538	4,328	94,491
Professional services	13,695	-	-	-	24,094	37,789
Signature support	42,150	544	244	3,239	1,348	47,525
Software licenses and fees	91,447	400	61,838	21,561	12,463	187,709
Special events	52,009	485	4,910	10,166	9,719	77,289
Travel and meetings	221,495	1,501	125,521	36,996	20,968	406,481
Utilities	40,565	556	-	1,055	28,522	70,698
Vehicle expenses	29,771	-	295	-	5	30,071
Total expenses	\$ 28,285,187	\$ 1,466,344	\$ 2,089,097	\$ 806,523	\$ 1,287,923	\$ 33,935,074

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, 2018 (Restated)

	Program Services					Total Expenses
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	
Advertising	\$ 21,972	\$ 442	\$ 46,652	\$ 20,370	\$ 1,867	\$ 91,303
Bad debt writeoff	23,490	139,417	-	-	-	162,907
Building maintenance and repairs	12,772	1,932	3	56	17,087	31,850
Construction	10,387,088	496,167	444	183	1,219	10,885,101
Construction WIP	(289,912)	(479,016)	-	-	-	(768,928)
Contract services	311,061	50,594	80,054	153,225	48,448	643,382
Cost of property sold	-	506,219	-	-	-	506,219
Depreciation expense	131,325	30,434	-	-	130,682	292,441
Disaster deployment	20,365	-	62,216	-	400	82,981
Dues and subscriptions	1,940	145	473	2,903	3,127	8,588
Education and seminars	7,148	550	171	316	5,213	13,398
Fogiveable promissory note	-	75,516	-	-	-	75,516
Fundraising expenses	3,007	-	9,336	140,755	1,986	155,084
Grants and awards expenses	1,707,835	-	(80,000)	-	-	1,627,835
Information tech	41,943	3,115	3,537	3,259	8,138	59,992
In-kind labor	5,340,097	231,987	-	-	-	5,572,084
Insurance	1,830,096	79,617	19,048	9,432	143,683	2,081,876
Interest expense	46,215	2,294	33,698	23,107	142,562	247,876
Miscellaneous expenses	90,078	1,323	23,468	15,267	27,595	157,731
Office rent	212,171	2,079	(207)	1,827	3,943	219,813
Office supplies	46,894	2,207	1,304	1,900	8,558	60,863
Payroll - direct	5,096,933	71,482	357,188	373,180	1,371,033	7,269,816
Postage and mailing service	24,067	1,030	2,356	2,432	2,544	32,429
Printing	18,135	1,516	40,191	7,436	3,543	70,821
Professional services	26,946	1,307	22,881	15,690	17,371	84,195
Signature support	51,039	404	110	7,219	5,920	64,692
Software licenses and fees	18,918	478	9,452	6,511	12,525	47,884
Special events	25,342	870	9,181	6,042	16,157	57,592
Travel and meetings	234,014	108	95,288	41,624	73,179	444,213
Utilities	37,543	991	50	538	29,913	69,035
Vehicle expenses	39,716	-	-	-	4,470	44,186
Total expenses	\$ 25,518,238	\$ 1,223,208	\$ 736,894	\$ 833,272	\$ 2,081,163	\$ 30,392,775

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, 2019 and 2018 (Restated)

	2019	2018
Change in net assets	\$ 623,713	\$ (2,334,715)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	308,868	315,550
Deferred loan costs	23,109	23,109
Donated vehicles and furniture included in contributions	-	(3,000)
Gain on disposal of assets	(12,772)	(7,464)
Realized and unrealized (gain) loss on investments	(75,143)	53,330
(Increase) decrease in operating assets:		
Accounts receivable	(2,065,600)	(192,627)
Other receivables	-	143,196
Grants receivable	(860,535)	(2,005,281)
Real estate held for sale	-	490,513
Other current assets	109,894	(137,500)
Due from related party	(543,821)	-
Deposits	(151,261)	75
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	401,709	424,462
Accrued payroll and related liabilities	27,785	11,765
Deferred revenue	96,365	(71,365)
Due to related party	(229,690)	47,149
Net cash used by operating activities	<u>(2,347,379)</u>	<u>(3,242,803)</u>
Cash flows from investing activities:		
Payments received on notes receivable - promissory notes	66,775	75,516
Proceeds from disposal of assets	12,772	20,153
Construction in process	(1,059,480)	(444,591)
Purchase of property and equipment	(104,888)	(53,687)
Purchase of investments	(5,637,766)	(5,000,000)
Proceeds from sale of investments	7,579,534	4,374,964
Net cash provided (used) by investing activities	<u>856,947</u>	<u>(1,027,645)</u>
Cash flows from financing activities:		
Borrowings under line of credit	-	382,221
Repayments of line of credit	(119,941)	(40,000)
Repayments of long-term debt	-	(1,500,000)
Net cash used by financing activities	<u>(119,941)</u>	<u>(1,157,779)</u>
Net decrease in cash	(1,610,373)	(5,428,227)
Cash and cash equivalents at beginning of year	<u>5,437,443</u>	<u>10,865,670</u>
Cash and cash equivalents at end of year	<u>\$ 3,827,070</u>	<u>\$ 5,437,443</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, 2019 and 2018 (Restated)

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 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 and entered into a developer service agreement on June 1, 2017, with SBP St. Peter, 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 and entered into a developer service agreement on June 1, 2017, with SBP L9, a non-consolidated Louisiana limited liability company, to provide services related to the 60-unit, or 30 duplexes, scattered-site project located in New Orleans, Louisiana and commonly known as "St. Claude Gardens".

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

2) Summary of significant accounting policies

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

(a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Basis of presentation

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – without donor restrictions and with donor restrictions based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets with donor restrictions as when they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions.

(c) 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.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018 (Restated)

2) Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

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.

Real estate sales are recognized at the time the sale is complete and title has transferred to the buyer.

(d) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(e) Investments

Investments in equity securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investments with a maturity of one year or less are classified as current.

(f) Accounts receivable

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.

An allowance for uncollectible accounts has been maintained for estimated losses resulting from the inability of its tenants or donor to make payments. The Organization's estimate for the allowance for doubtful accounts is based on a review of the current accounts receivable. Accounts receivable is presented net of an allowance for doubtful accounts of \$4,185 and \$24,413 as of December 31, 2019 and 2018, respectively.

(g) 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

(h) 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. The property is transferred to real estate held for sale once it is completed and ready to be put on the market for sale.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018 (Restated)

2) Summary of significant accounting policies (continued)

(i) 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.

(j) Real estate held for rental

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

(k) 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 and SBP St. Peter Developer, LLC are both disregarded entities for income tax purpose. SBP, Inc. is the sole member of both entities.

The Organization 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.

(l) Functional expenses

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

(m) Fundraising

All expenses associated with fundraising events are expensed as incurred.

(n) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(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 (FDIC) up to certain 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.

THE ST. BERNARD PROJECT, INC.
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2) Summary of significant accounting policies (continued)

(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, 2019 and 2018 was \$5,286,510 and \$5,572,084, respectively.

(q) Donated property and equipment

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, 2019 and 2018 was \$1,289,314 and \$319,992, respectively.

(r) Financing and loan acquisition costs

Certain costs related to the New Market Tax Credit Financing Commitment have been capitalized and are being amortized over the estimated life of the related note payable. Financing and loan acquisition costs totaled \$808,820 as of December 31, 2019 and 2018. Accumulated amortization totaled \$103,991 and \$80,882 as of December 31, 2019 and 2018, respectively.

(s) New accounting pronouncements

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has adopted ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. The Organization is currently assessing the impact of this pronouncement on its consolidated financial statements.

(t) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year consolidated financial statements.

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3) Property and equipment

Property and equipment is summarized as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,080,000	\$ 1,080,000
Building	4,198,759	4,198,759
Equipment	72,824	72,824
Real estate held for rental	1,268,662	1,268,662
Vehicles	898,825	793,936
Total costs	<u>7,519,070</u>	<u>7,414,181</u>
Less: accumulated depreciation	<u>(1,225,611)</u>	<u>(916,742)</u>
Property and equipment, net	<u>\$ 6,293,459</u>	<u>\$ 6,497,439</u>

4) 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. Federal financial assistance included in grants receivable at year end is as follows:

	<u>2019</u>			
	<u>Due from grant at beginning of year</u>	<u>Grant receipts</u>	<u>Grant expenditures</u>	<u>Due from grant at end of year</u>
AmeriCorp National Grant	\$ 527,806	\$(3,147,726)	\$2,970,750	\$ 350,830
U.S. Department of HUD				
City of New Orleans (\$1M)	130,738	(128,249)	-	2,489
City of New Orleans (NORA)	211,527	(541,527)	600,000	270,000
City of New Orleans (\$875K)	323,206	(578,786)	428,845	173,265
City of New Orleans (Sub Rehab)	-	(1,000)	1,000	-
New York	1,945,075	(2,314,189)	2,305,638	1,936,524
County of Lexington	44,440	(491,980)	559,175	111,635
County of Richland	-	(468)	117,974	117,506
City of Baton Rouge	-	-	25,817	25,817
Total federal assistance	<u>\$3,182,792</u>	<u>\$(7,203,925)</u>	<u>\$7,009,199</u>	<u>\$2,988,066</u>

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4) Grants receivable (continued)

	2018			
	Due from grant at beginning of year	Grant receipts	Grant expenditures	Due from grant at end of year
AmeriCorp National Grant	\$ 564,905	\$(2,930,206)	\$2,893,107	\$ 527,806
U.S. Department of HUD				
City of New Orleans	303,768	(631,515)	458,485	130,738
City of New Orleans	-	(66)	323,272	323,206
New York	253,572	(702,418)	2,393,921	1,945,075
City of New Orleans	-	-	211,527	211,527
County of Lexington	18,550	(64,286)	90,176	44,440
City of San Marcos	36,716	(36,726)	10	-
Total federal assistance	\$1,177,511	\$(4,365,217)	\$6,370,498	\$3,182,792

5) 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 statement of activities. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

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 statement 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.

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5) Investments and fair value measurement (continued)

Investments consist of the following at December 31, 2019:

	<u>Level 1</u>
Equity securities	\$ 43,741
U.S. treasury securities	349,775
U.S. government bonds	500,506
Corporate bonds	3,767,523
	<u>\$ 4,661,545</u>

Investments consist of the following at December 31, 2018:

	<u>Level 1</u>
Equity securities	\$ 24,869
U.S. treasury securities	794,082
U.S. government bonds	1,041,426
Corporate bonds	4,667,793
	<u>\$ 6,528,170</u>

A summary of return on investments consists of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 178,240	\$ 270,211
Realized and unrealized income (loss)	75,143	(53,330)
Total return	<u>\$ 253,383</u>	<u>\$ 216,881</u>

6) Notes receivable - promissory notes

The Organization has various notes receivable totaling \$132,092 and \$198,867 in connection with the sale of various properties as of December 31, 2019 and 2018, 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, 2019.

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 \$66,774 and \$75,516 was written off in 2019 and 2018, respectively.

7) Notes receivable

SBP, Inc. entered into an agreement on January 16, 2014, as part of a New Markets Tax Credit Transaction, to lend FNBC NMTC Hybrid Fund, LLC, \$2,122,500 in the form of a subordinate loan note. The outstanding principal as of December 31, 2019 and 2018 totaled \$2,122,500. The note accrues interest at a rate of 1.41% and interest is paid quarterly. Interest earned and received on the loan as of December 31, 2019 and 2018 was approximately \$30,000.

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7) Notes receivable (continued)

SBP, Inc. entered into an agreement on June 30, 2015, as part of a New Markets Tax Credit Transaction, to lend GSNMF SUB-CDE 13, LLC, \$4,823,500 in the form of a subordinate loan note. The outstanding principal as of December 31, 2019 and 2018 totaled \$4,823,500. The note accrues interest at a rate of 2.02% and interest is paid quarterly. Interest earned and received on the loan as of December 31, 2019 and 2018 was approximately \$97,500.

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	\$ 3,827,070
Investments	4,661,545
Accounts receivable	3,164,704
Grants receivable - other	2,308,289
Grants receivable - Federal	2,988,066
Less with donor restrictions for a specific purpose	<u>(7,196,244)</u>
Financial assets available for general expenditure	<u>\$ 9,753,430</u>

The amount exceeds the average expenditures for the year, so the Organization has the ability to conduct its activities at a similar level for the coming year even if revenues decline.

9) Commitments and contingencies

SBP, Inc. is the guarantor in a New Markets Tax Credit Indemnity Agreement between SBP Real Estate, Inc. and a bank. Should a recapture event occur, SBP, Inc. could be obligated to pay the recapture amount according to the agreement. Management believes there are no breaches of the agreement as of December 31, 2019. SBP, Inc. is a guarantor in a credit agreement between SBP Real Estate, Inc. and a lender. The note payable balance at December 31, 2019 and 2018 was \$3,000,000.

SBP, Inc. is the guarantor in a New Markets Tax Credit Indemnity Agreement between Toulouse Commercial, Inc. and a bank. Should a recapture event occur, SBP, Inc. could be obligated to pay the recapture amount according to the agreement. Management believes there are no breaches of the agreement as of December 31, 2019. SBP, Inc. is a guarantor in a credit agreements between Toulouse Commercial, Inc. and a lender. The notes payable balance at December 31, 2019 and 2018 totaled \$7,000,000. Any breach of the loan agreement between Toulouse Commercial, Inc. and a lender may require the Organization to pay a recapture amount according to the agreement. Management believes there are no breaches of the agreement as of December 31, 2019.

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 February 27, 2021. The interest rate on the line is determined based on the LIBOR base rate (4.4585% at December 31, 2019).

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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 up to \$100,000 of assistance per property and of this total, up to \$75,000 per property is payable back to NORA. As of December 31, 2019 and 2018, SBP, Inc. had a \$270,000 and \$207,892 payable to NORA, respectively, recorded in accrued expenses.

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 GSNMF 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 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.

13) Long-term debt

Long-term debt of the Organization at December 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
A senior note payable to a lender with interest at a rate of 5.5% with interest only payments due quarterly. Any unpaid accrued interest and principal is due at maturity, July 29, 2022. The note is secured by assets of the Organization.	\$ 1,500,000	\$ 1,500,000
A note payable to a lender with interest at a rate of 1.5% with interest only payments due quarterly. Any unpaid accrued interest and principal is due at maturity, July 2022. The note is secured by assets of the Organization.	1,500,000	1,500,000
Notes payable to a lender with interest at a rate of 1.5% with interest only payments due quarterly through June 2022. Quarterly interest and principal payments begin September 2022 through maturity in June 2050. Any unpaid accrued interest and principal is due at maturity. The notes are secured by assets of the Organization.	<u>5,500,000</u>	<u>5,500,000</u>
Total long-term debt	8,500,000	8,500,000
Less: current portion	-	-
Less: unamortized issuance costs	<u>(704,829)</u>	<u>(727,938)</u>
Long-term debt, net	<u>\$ 7,795,171</u>	<u>\$ 7,772,062</u>

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13) Long-term debt (continued)

The maturities of long-term debt are as follows:

2020	\$	-
2021		-
2022	3,026,000	
2023	39,100	
2024	46,700	
Thereafter	5,388,200	

14) Net assets with donor restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Disaster Resilience & Recovery Lab	\$ 1,319,583	\$ 1,391,334
Capital Campaign	82,604	82,604
Rebuild Bahamas	893,126	-
Rebuild Baton Rouge	-	161,714
Rebuild Texas	4,592,982	8,370,544
Rebuild New Orleans	-	219,412
Rebuild North Carolina	307,949	-
Rebuild Florida	-	145,750
Total net assets with donor purpose restrictions	<u>\$ 7,196,244</u>	<u>\$ 10,371,358</u>

15) Operating leases

SBP, Inc. leases office space for its headquarters and warehouse space from Toulouse Commercial, Inc. The lease runs through 2050. Total rent expense, which is included in occupancy expense under the lease was \$335,106 and \$359,972 for the years ended December 31, 2019 and 2018, respectively. The rent expense associated with this lease agreement has been eliminated on the consolidated statements of activities.

Future minimum rental payments, included common area maintenance rental payments, under the leases are as follows:

2020	\$	345,159
2021		355,514
2022		366,179
2023		377,165
2024		388,480
Thereafter		14,798,055

THE ST. BERNARD PROJECT, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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15) Operating leases (continued)

The Organization leases office space for its Bahamas, New York, South Carolina, Louisiana, Texas, Puerto Rico and New Jersey locations. The leases expire at various dates through March 2021. Total rent expense, which is included in occupancy expense; under the leases was approximately \$189,670 and \$204,997 for the years ended December 31, 2019 and 2018, respectively.

Future minimum rental payments under the leases are as follows:

2020	\$168,696
2021	57,550

SBP, Inc. subleases office space to various other organizations. The leases expire at various dates through December 2022.

Future minimum rental income under the leases are as follows:

2020	\$ 89,890
2021	70,874
2022	38,803

16) Economic dependence

In 2019, the Organization received approximately 56% of its revenue from federal, state and other grants and 13% from contributions. Another 19% of the Organization's revenue was volunteer labor and donated goods that were contributed in 2019. In 2018, the Organization received approximately 52% of its revenue from federal, state and other grants and 14% from contributions. Another 21% of the Organization's revenue was volunteer labor and donated goods that were contributed in 2018.

17) Supplementary disclosures of cash flows information

	<u>2019</u>	<u>2018</u>
Cash paid for interest	<u>\$ 202,959</u>	<u>\$ 201,658</u>

18) 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. charges property management fees to SBP Real Estate, Inc. The property management fees totaled \$29,653 and \$75,077 for the years ended December 31, 2019 and 2018, respectively.

SBP, Inc. has a balance of \$334,176 and \$563,866 due to SBP Real Estate, Inc. as of December 31, 2019 and 2018, respectively. SBP, Inc. has a \$660,120 and \$913,255 balance due from SBP Real Estate included in accounts receivable at December 31, 2019 and 2018, respectively.

THE ST. BERNARD PROJECT, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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19) 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, 2019 and 2018, the Organization contributed \$42,367 and \$26,008, respectively.

20) Restatement

The Organization has restated its previously issued financial statements for December 31, 2018 to include the accounts of SBP L9 Developer, LLC and SBP St. Peter Developer, LLC in the consolidated financial statements. This restatement resulted in both an increase in net assets on the Consolidated Statement of Activities and an increase in accounts receivable on the Statement of Financial Position of \$31,941 for the year ended December 31, 2018.

21) Subsequent events

Management has evaluated subsequent events through the date of the auditors' report, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements except as follows. On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Measures taken by various governments to contain the virus have affected economic activity. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak for the year 2020. Management has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people and clients (working from home, providing PPE for worksites, promoting social distancing and sanitation), securing the supply of materials that are essential to our work, taking advantage of tax credits and forgivable loans provided through the CARES Act, and sourcing funding through grants and donations for the coming years. Management will continue to monitor the global situation and its effects on its financial condition, liquidity, operations, suppliers, industry, and workforce.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

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 is presented for purposes of additional analysis and is not a required part of the 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.

October 8, 2020

Wegmann Dazet & Company

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

December 31, 2019

	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	\$ 3,575,135	\$ 251,935	\$ -	\$ -	\$ 3,827,070	\$ -	\$ 3,827,070
Investments	4,661,545	-	-	-	4,661,545	-	4,661,545
Accounts receivable	1,527,992	85,380	902,237	734,475	3,250,084	(85,380)	3,164,704
Grants receivable - other	2,308,289	-	-	-	2,308,289	-	2,308,289
Grants receivable - Federal	2,988,066	-	-	-	2,988,066	-	2,988,066
Construction in process	1,869,985	-	-	-	1,869,985	-	1,869,985
Real estate held for sale	70,680	-	-	-	70,680	-	70,680
Due from related party	543,821	-	185,633	105,525	834,979	(291,158)	543,821
Other current assets	404,650	70,338	-	-	474,988	-	474,988
Total current assets	17,950,163	407,653	1,087,870	840,000	20,285,686	(376,538)	19,909,148
Property and equipment, net	1,457,363	5,688,553	-	-	7,145,916	(852,457)	6,293,459
Notes receivable - promissory notes	132,092	-	-	-	132,092	-	132,092
Notes receivable	6,946,000	-	-	-	6,946,000	-	6,946,000
Deposits	152,261	6,100	-	-	158,361	-	158,361
Total assets	\$ 26,637,879	\$ 6,102,306	\$ 1,087,870	\$ 840,000	\$ 34,668,055	\$ (1,228,995)	\$ 33,439,060
LIABILITIES							
Current liabilities							
Line of credit	\$ 262,280	\$ -	\$ -	\$ -	\$ 262,280	\$ -	\$ 262,280
Accounts payable and accrued expenses	1,681,961	-	-	-	1,681,961	(85,380)	1,596,581
Accrued payroll and related liabilities	12,535	-	-	-	12,535	-	12,535
Deferred revenue	100,000	-	-	-	100,000	-	100,000
Due to related party	625,334	-	-	-	625,334	(291,158)	334,176
Total current liabilities	2,682,110	-	-	-	2,682,110	(376,538)	2,305,572
Long-term debt, less current portion	1,500,000	6,295,171	-	-	7,795,171	-	7,795,171
Total liabilities	4,182,110	6,295,171	-	-	10,477,281	(376,538)	10,100,743
NET ASSETS							
Without donor restrictions	15,259,525	(192,865)	1,087,870	840,000	16,994,530	(852,457)	16,142,073
With donor purpose restrictions	7,196,244	-	-	-	7,196,244	-	7,196,244
Total net assets	22,455,769	(192,865)	1,087,870	840,000	24,190,774	(852,457)	23,338,317
Total liabilities and net assets	\$ 26,637,879	\$ 6,102,306	\$ 1,087,870	\$ 840,000	\$ 34,668,055	\$ (1,228,995)	\$ 33,439,060

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

December 31, 2018 (Restated)

	SBP, Inc.	Toulouse Commercial, Inc.	SBP St. Peter Developer, LLC	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS						
Current assets						
Cash and cash equivalents	\$ 5,190,175	\$ 247,268	\$ -	\$ 5,437,443	\$ -	\$ 5,437,443
Investments	6,528,170	-	-	6,528,170	-	6,528,170
Accounts receivable	1,067,163	790	31,941	1,099,894	(790)	1,099,104
Grants receivable - other	1,253,028	-	-	1,253,028	-	1,253,028
Grants receivable - federal	3,182,792	-	-	3,182,792	-	3,182,792
Construction in process	810,505	-	-	810,505	-	810,505
Real estate held for sale	70,680	-	-	70,680	-	70,680
Due from related party	-	-	185,633	185,633	(185,633)	-
Other current assets	520,346	64,537	-	584,883	-	584,883
Total current assets	<u>18,622,859</u>	<u>312,595</u>	<u>217,574</u>	<u>19,153,028</u>	<u>(186,423)</u>	<u>18,966,605</u>
Property and equipment, net	1,531,331	5,818,565	-	7,349,896	(852,457)	6,497,439
Notes receivable - promissory notes	198,867	-	-	198,867	-	198,867
Notes receivable	6,946,000	-	-	6,946,000	-	6,946,000
Deposits	1,000	6,100	-	7,100	-	7,100
Total assets	<u>\$ 27,300,057</u>	<u>\$ 6,137,260</u>	<u>\$ 217,574</u>	<u>\$ 33,654,891</u>	<u>\$ (1,038,880)</u>	<u>\$ 32,616,011</u>
LIABILITIES						
Current liabilities						
Line of credit	\$ 382,221	\$ -	\$ -	\$ 382,221	\$ -	\$ 382,221
Accounts payable and accrued expenses	1,042,293	8,702	-	1,050,995	(790)	1,050,205
Accrued payroll and related liabilities	129,418	-	-	129,418	-	129,418
Deferred revenue	3,635	-	-	3,635	-	3,635
Due to related party	749,499	-	-	749,499	(185,633)	563,866
Total current liabilities	<u>2,307,066</u>	<u>8,702</u>	<u>-</u>	<u>2,315,768</u>	<u>(186,423)</u>	<u>2,129,345</u>
Long-term debt, less current portion	1,500,000	6,272,062	-	7,772,062	-	7,772,062
Total liabilities	<u>3,807,066</u>	<u>6,280,764</u>	<u>-</u>	<u>10,087,830</u>	<u>(186,423)</u>	<u>9,901,407</u>
NET ASSETS						
Without donor restrictions	13,121,633	(143,504)	217,574	13,195,703	(852,457)	12,343,246
With donor purpose restrictions	10,371,358	-	-	10,371,358	-	10,371,358
Total net assets	<u>23,492,991</u>	<u>(143,504)</u>	<u>217,574</u>	<u>23,567,061</u>	<u>(852,457)</u>	<u>22,714,604</u>
Total liabilities and net assets	<u>\$ 27,300,057</u>	<u>\$ 6,137,260</u>	<u>\$ 217,574</u>	<u>\$ 33,654,891</u>	<u>\$ (1,038,880)</u>	<u>\$ 32,616,011</u>

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	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	\$ 5,801,729	\$ 5,305,733	\$ -	\$ -	\$ -	\$ 11,107,462	\$ -	\$ 11,107,462
Grants	13,480,654	6,028,342	-	-	-	19,508,996	-	19,508,996
Property management fees	327,508	114,668	-	-	-	442,176	-	442,176
Homeowner funding	359,011	(69,828)	-	-	-	289,183	-	289,183
Sale of properties	800,000	-	-	-	-	800,000	-	800,000
Opportunity housing income	101,965	-	-	-	-	101,965	-	101,965
Vendor incentives	185,791	-	-	-	-	185,791	-	185,791
Interest income	306,674	-	-	-	-	306,674	-	306,674
Realized and unrealized loss on investments	75,143	-	-	-	-	75,143	-	75,143
Gain (loss) on sale of assets	12,772	-	-	-	-	12,772	-	12,772
Rental income	-	-	335,106	-	-	335,106	(335,106)	-
Developers fees	-	-	-	870,296	840,000	1,710,296	-	1,710,296
Other income	8,239	10,090	-	-	-	18,329	-	18,329
Net assets released from restrictions	14,564,119	(14,564,119)	-	-	-	-	-	-
Total revenues	36,023,605	(3,175,114)	335,106	870,296	840,000	34,893,893	(335,106)	34,558,787
Expenses								
Program services								
Rebuilding	28,389,387	-	-	-	-	28,389,387	(104,200)	28,285,187
Opportunity housing	1,496,638	-	-	-	-	1,496,638	(30,294)	1,466,344
Disaster resilience and recovery lab	2,168,852	-	-	-	-	2,168,852	(79,755)	2,089,097
Supporting services								
General and administrative	968,906	-	384,467	-	-	1,353,373	(65,450)	1,287,923
Fundraising	861,930	-	-	-	-	861,930	(55,407)	806,523
Total expenses	33,885,713	-	384,467	-	-	34,270,180	(335,106)	33,935,074
Change in net assets	2,137,892	(3,175,114)	(49,361)	870,296	840,000	623,713	-	623,713
Net assets								
Beginning of year	13,121,633	10,371,358	(143,504)	217,574	-	23,567,061	(852,457)	22,714,604
End of year	<u>\$ 15,259,525</u>	<u>\$ 7,196,244</u>	<u>\$ (192,865)</u>	<u>\$ 1,087,870</u>	<u>\$ 840,000</u>	<u>\$ 24,190,774</u>	<u>\$ (852,457)</u>	<u>\$ 23,338,317</u>

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018 (Restated)

	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	\$ 4,201,708	\$ 5,567,661	\$ -	\$ -	\$ -	\$ 9,769,369	\$ -	\$ 9,769,369
Grants	2,681,213	11,861,449	-	-	-	14,542,662	-	14,542,662
Property management fees	615,920	53,192	-	-	-	669,112	-	669,112
Homeowner funding	-	1,722,577	-	-	-	1,722,577	-	1,722,577
Sale of properties	540,000	-	-	-	-	540,000	-	540,000
Opportunity housing income	106,889	-	-	-	-	106,889	-	106,889
Vendor incentives	64,092	26,998	-	-	-	91,090	-	91,090
Interest income	410,157	-	-	-	-	410,157	-	410,157
Realized and unrealized loss on investments	(53,330)	-	-	-	-	(53,330)	-	(53,330)
Gain on sale of assets	7,464	-	-	-	-	7,464	-	7,464
Rental income	-	-	359,972	-	-	359,972	(359,972)	-
Developers fees	-	-	-	217,574	-	217,574	-	217,574
Other income	34,166	330	-	-	-	34,496	-	34,496
Net assets released from restrictions	23,476,641	(23,476,641)	-	-	-	-	-	-
Total revenues	32,084,920	(4,244,434)	359,972	217,574	-	28,418,032	(359,972)	28,058,060
Expenses								
Program services								
Rebuilding	25,668,832	-	-	-	-	25,668,832	(150,594)	25,518,238
Opportunity housing	1,270,005	-	-	-	-	1,270,005	(46,797)	1,223,208
Disaster resilience and recovery lab	799,889	-	-	-	-	799,889	(62,995)	736,894
Supporting services								
General and administrative	1,768,920	-	367,426	-	-	2,136,346	(55,183)	2,081,163
Fundraising	877,675	-	-	-	-	877,675	(44,403)	833,272
Total expenses	30,385,321	-	367,426	-	-	30,752,747	(359,972)	30,392,775
Change in net assets	1,699,599	(4,244,434)	(7,454)	217,574	-	(2,334,715)	-	(2,334,715)
Net assets								
Beginning of year	11,422,034	14,615,792	(136,050)	-	-	25,901,776	(852,457)	25,049,319
End of year	<u>\$ 13,121,633</u>	<u>\$ 10,371,358</u>	<u>\$ (143,504)</u>	<u>\$ 217,574</u>	<u>\$ -</u>	<u>\$ 23,567,061</u>	<u>\$ (852,457)</u>	<u>\$ 22,714,604</u>

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	SBP, Inc.					Toulouse Commercial, Inc.	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Program Services		Disaster Resilience and Recovery Lab		General & Administrative	General & Administrative			
	Rebuilding	Opportunity Housing	Fundraising	General & Administrative	General & Administrative	General & Administrative			
Advertising	\$ 25,283	\$ 712	\$ 60,625	\$ 48,480	\$ 314	\$ -	\$ 135,414	\$ -	\$ 135,414
Bad debt writeoff	40,000	3,164	-	40,000	-	-	83,164	-	83,164
Building maintenance and repairs	29,044	438	146	228	1,664	15,089	46,609	-	46,609
Construction	13,341,073	1,082,670	18,630	1,816	107	-	14,444,296	-	14,444,296
Construction WIP	(1,541,840)	(1,244,628)	-	-	-	-	(2,786,468)	-	(2,786,468)
Contract services	418,691	77,068	214,110	69,949	12,130	11,313	803,261	-	803,261
Cost of property sold	-	881,079	-	-	-	-	881,079	-	881,079
Depreciation expense	148,422	30,434	-	-	-	130,012	308,868	-	308,868
Disaster deployment	13,629	-	55,438	-	(35)	-	69,032	-	69,032
Dues and subscriptions	3,434	259	7,049	112	3,085	-	13,939	-	13,939
Education and seminars	8,347	-	274	4,770	1,885	-	15,276	-	15,276
Forgivable promissory note	-	66,774	-	-	-	-	66,774	-	66,774
Fundraising expenses	8,642	-	50	104,052	107	155	113,006	-	113,006
Grants and awards expenses	1,785,301	-	30,000	400	-	-	1,815,701	-	1,815,701
Information tech	52,303	2,837	4,698	4,649	8,613	-	73,100	-	73,100
In-kind labor	4,859,568	426,942	-	-	-	-	5,286,510	-	5,286,510
Insurance	2,058,158	29,428	77,614	1,960	2,030	52,372	2,221,562	-	2,221,562
Interest expense	19,855	16,874	28,955	19,855	12,409	128,120	226,068	-	226,068
Miscellaneous expenses	68,626	2,885	38,548	18,136	19,610	22,915	170,720	-	170,720
Office rent	384,698	32,385	82,927	57,233	67,220	-	624,463	(335,106)	289,357
Office supplies	50,848	1,473	3,977	3,523	5,806	256	65,883	-	65,883
Payroll - direct	6,073,734	81,240	1,308,480	389,104	754,965	-	8,607,523	-	8,607,523
Postage and mailing service	20,426	281	2,748	7,108	1,784	-	32,347	-	32,347
Printing	30,013	837	41,775	17,538	4,328	-	94,491	-	94,491
Professional services	13,695	-	-	-	24,094	-	37,789	-	37,789
Signature support	42,150	544	244	3,239	1,348	-	47,525	-	47,525
Software licenses and fees	91,447	400	61,838	21,561	11,210	1,253	187,709	-	187,709
Special events	52,009	485	4,910	10,166	9,551	168	77,289	-	77,289
Travel and meetings	221,495	1,501	125,521	36,996	20,962	6	406,481	-	406,481
Utilities	40,565	556	-	1,055	5,714	22,808	70,698	-	70,698
Vehicle expenses	29,771	-	295	-	5	-	30,071	-	30,071
Total expenses	\$ 28,389,387	\$ 1,496,638	\$ 2,168,852	\$ 861,930	\$ 968,906	\$ 384,467	\$ 34,270,180	\$ (335,106)	\$ 33,935,074

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018 (Restated)

	SBP, Inc.					Toulouse Commercial, Inc.			
	Program Services								
	Rebuilding	Opportunity Housing	Disaster Resilience and Recovery Lab	Fundraising	General & Administrative	General & Administrative	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Advertising	\$ 21,972	\$ 442	\$ 46,652	\$ 20,370	\$ 1,867	\$ -	\$ 91,303	\$ -	\$ 91,303
Bad debt writeoff	23,490	139,417	-	-	-	-	162,907	-	162,907
Building maintenance and repairs	12,772	1,932	3	56	691	16,396	31,850	-	31,850
Construction	10,387,088	496,167	444	183	1,219	-	10,885,101	-	10,885,101
Construction WIP	(289,912)	(479,016)	-	-	-	-	(768,928)	-	(768,928)
Contract services	311,061	50,594	80,054	153,225	46,053	2,395	643,382	-	643,382
Cost of property sold	-	506,219	-	-	-	-	506,219	-	506,219
Depreciation expense	131,325	30,434	-	-	292	130,390	292,441	-	292,441
Disaster deployment	20,365	-	62,216	-	400	-	82,981	-	82,981
Dues and subscriptions	1,940	145	473	2,903	3,127	-	8,588	-	8,588
Education and seminars	7,148	550	171	316	5,213	-	13,398	-	13,398
Fogiveable promissory note	-	75,516	-	-	-	-	75,516	-	75,516
Fundraising expenses	3,007	-	9,336	140,755	1,986	-	155,084	-	155,084
Grants and awards expenses	1,707,835	-	(80,000)	-	-	-	1,627,835	-	1,627,835
Information tech	41,943	3,115	3,537	3,259	8,138	-	59,992	-	59,992
In-kind labor	5,340,097	231,987	-	-	-	-	5,572,084	-	5,572,084
Insurance	1,830,096	79,617	19,048	9,432	83,505	60,178	2,081,876	-	2,081,876
Interest expense	46,215	2,294	33,698	23,107	14,442	128,120	247,876	-	247,876
Miscellaneous expenses	90,078	1,323	23,468	15,267	21,268	6,327	157,731	-	157,731
Office rent	362,765	48,876	62,788	46,230	59,126	-	579,785	(359,972)	219,813
Office supplies	46,894	2,207	1,304	1,900	8,494	64	60,863	-	60,863
Payroll - direct	5,096,933	71,482	357,188	373,180	1,371,033	-	7,269,816	-	7,269,816
Postage and mailing service	24,067	1,030	2,356	2,432	2,544	-	32,429	-	32,429
Printing	18,135	1,516	40,191	7,436	3,543	-	70,821	-	70,821
Professional services	26,946	1,307	22,881	15,690	17,371	-	84,195	-	84,195
Signature support	51,039	404	110	7,219	5,920	-	64,692	-	64,692
Software licenses and fees	18,918	478	9,452	6,511	12,525	-	47,884	-	47,884
Special events	25,342	870	9,181	6,042	16,157	-	57,592	-	57,592
Travel and meetings	234,014	108	95,288	41,624	73,179	-	444,213	-	444,213
Utilities	37,543	991	50	538	6,357	23,556	69,035	-	69,035
Vehicle expenses	39,716	-	-	-	4,470	-	44,186	-	44,186
Total expenses	\$ 25,668,832	\$ 1,270,005	\$ 799,889	\$ 877,675	\$ 1,768,920	\$ 367,426	\$ 30,752,747	\$ (359,972)	\$ 30,392,775

UNIFORM GUIDANCE COMPLIANCE AND
GOVERNMENT AUDITING STANDARD REPORTS



WEGMANN DAZET & COMPANY

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

To the Board of Directors
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, 2019, 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 October 8, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 8, 2020



WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' 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

We have audited SBP, Inc.'s compliance with the types of compliance requirements described 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, 2019. SBP, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SBP, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SBP, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SBP, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, SBP, Inc. complied, in all material respects, with the types of 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, 2019.

Report on Internal Control over Compliance

Management of SBP, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SBP, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SBP, Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
October 8, 2020

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD):		
Community Development Block Grants (CDBG) - Entitlement Grant Cluster:		
Passed through the County of Richland	14.218	\$ 117,974
Passed through the City of Baton Rouge	14.218	25,817
Passed through the City of Lexington	14.218	<u>559,175</u>
Total CDBG Entitlement Grant Cluster		702,966
CDBG - Disaster Recovery Grants Cluster:		
Passed through the Housing Trust Fund Corporation	14.269	2,305,638
Passed through the City of New Orleans - CDBG	14.239	428,845
Pass through the City of New Orleans HOME Investment Partnership Act	14.239	<u>601,000</u>
Total U.S. HUD		3,335,483
Corporation for National and Community Service:		
ARRA- AmeriCorp Grant	94.006	<u>2,970,750</u>
Total Expenditures of Federal Awards		<u><u>\$ 7,009,199</u></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, 2019

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 Possible ineligible, disallowed and questioned costs

SBP, Inc. is subject to audit(s) and investigation(s) by state and federal agencies or their designees for compliance with contractual and programmatic requirements with regard to funding provided to SBP, Inc. The determination of whether any instances of noncompliance that will ultimately result in remittance by SBP, Inc. of any ineligible or disallowed costs cannot be presently determined.

THE ST. BERNARD PROJECT, INC.
D/B/A SBP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SUMMARY OF THE AUDITORS' 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 under Section 501(a) of Circular A-133 or in accordance with 2CFR 200.516(a): **No.**
7. Major programs for the fiscal year ended December 31, 2019 were:

U.S. Department of Housing and Urban Development Community Development Block Grant	(CFDA #14.269)
Corporation for National and Community Service ARRA – AmeriCorp Grant	(CFDA #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.**

SCHEDULE OF FINDINGS RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

There were no findings related to the consolidated financial statements for the year ended December 31, 2019.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

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.
SUMMARY OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
For the Years Ended December 31, 2019 and 2018

<u>Agency Head</u>	<u>Job Title</u>	<u>Purpose</u>	<u>2019</u>	<u>2018</u>
Thomas Corley	Executive Director/Improvement Officer	Salary	\$ 37,501	\$ 88,332
Reese May	Executive Director	Salary	-	880
Kevin McGee	Executive Director	Salary	235	20,555
Rachel Pettit	Executive Director	Salary	-	2,508
Dulcie Shepard	Executive Director	Salary	187	78
Dionisio Ortiz	Executive Director	Salary	733	-
Sutton Hibbert	Chief Financial Officer	Salary	807	7,394
Elizabeth McCartney	Chief Operating Officer	Salary	2,441	2,741