

PROVIDENCE COMMUNITY HOUSING, INC. AND SUBSIDIARIES
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND WITH OMB CIRCULAR A-133

Year Ended December 31, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/14/11

PROVIDENCE COMMUNITY HOUSING, INC. AND SUBSIDIARIES

Year Ended December 31, 2010

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PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgpcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1906-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Providence Community Housing, Inc.
and Subsidiaries
New Orleans, Louisiana

We have audited the accompanying consolidated statement of financial position of Providence Community Housing, Inc. and Subsidiaries (a non-profit organization) as of December 31, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from Providence Community Housing, Inc. and Subsidiaries' 2009 financial statements and, in our report dated May 19, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Providence Community Housing, Inc. and Subsidiaries at December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Providence Community Housing, Inc.
and Subsidiaries

In accordance with *Government Auditing Standards*, we have also issued a report dated July 12, 2011, on our consideration of Providence Community Housing, Inc. and Subsidiaries' 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The combining schedules of financial position and activities are presented for purposes of additional analysis and are not required parts of the consolidated financial statements of Providence Community Housing, Inc. and Subsidiaries. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the consolidated financial statements of Providence Community Housing, Inc. and Subsidiaries. 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 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 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 consolidated financial statements taken as a whole.

Paciera, Gautreau & Priest, LLC

July 12, 2011

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,192,081	\$ 792,220
Cash restricted	246,799	934,168
Other receivable	85,066	743
Due from government agency	1,125,677	1,639,430
Pledges receivable	610,501	716,225
Prepaid expenses	8,232	12,324
Inventory - Land and buildings	8,526,084	5,040,798
Note receivable - Other current	<u>264,880</u>	<u>14,880</u>
<i>Total Current Assets</i>	<u>12,059,320</u>	<u>9,150,788</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	2,732,669	2,732,669
Office furniture and equipment	<u>183,075</u>	<u>171,808</u>
	2,915,744	2,904,477
Less: Accumulated depreciation	<u>116,296</u>	<u>86,570</u>
<i>Total Property and Equipment</i>	<u>2,799,448</u>	<u>2,817,907</u>
<u>OTHER ASSETS</u>		
Due from affiliates (Net of allowance of \$121,500 and \$1,113,676 at December 31, 2010 and 2009 respectively)	2,124,121	3,573,050
Pledge receivable	0	50,000
Deposits	12,750	12,750
Note receivable - Other	14,865	29,745
Note receivable - Affiliate (Net of allowance of \$2,562,791 and \$2,417,202 at December 31, 2010 and 2009 respectively)	3,963,631	3,790,726
Custodial funds	103,763	166,085
Construction in progress (Net of valuation allowance of \$6,018,284 and \$-0- at December 31, 2010 and 2009 respectively)	0	2,325,054
Capital lease property	2,049,460	2,859,954
Investments in partnerships	413,224	413,393
Pre-development costs	<u>50,000</u>	<u>0</u>
<i>Total Other Assets</i>	<u>8,731,814</u>	<u>13,220,757</u>
<i>Total Assets</i>	<u>\$23,590,582</u>	<u>\$25,189,452</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
DECEMBER 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and other accrued expenses	\$ 325,995	\$ 46,449
Construction payable	965,333	1,682,760
Accrued wages and vacation	36,916	37,520
Long-term debt due within one year	2,549,944	4,532,229
Funds held for others - Related party	<u>1,948</u>	<u>546,619</u>
 Total Current Liabilities	 <u>3,880,136</u>	 <u>6,845,577</u>
<u>OTHER LIABILITIES</u>		
Accounts payable - Related party	347,215	1,833,541
Funds held for others - Related party	103,763	166,085
Deferred rents/revenue	853,002	857,323
Lease payable	1,789,404	1,356,677
Long-term debt, Less current portion	<u>4,514,965</u>	<u>4,150,948</u>
 Total Other Liabilities	 <u>7,608,349</u>	 <u>8,364,574</u>
 Total Liabilities	 <u>11,488,485</u>	 <u>15,210,151</u>
<u>NET ASSETS</u>		
Controlling Interest:		
Unrestricted net assets	11,246,118	7,217,532
Temporarily restricted net assets	857,300	1,600,393
Retained earnings (deficit)	(1,320)	(1,151)
Non-controlling interest	<u>(1)</u>	<u>1,162,527</u>
 Total Net Assets	 <u>12,102,097</u>	 <u>9,979,301</u>
 Total Liabilities and Net Assets	 <u>\$23,590,582</u>	 <u>\$25,189,452</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>Controlling Interest</u>		<u>Retained Earnings</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>REVENUE, SUPPORT AND GAINS</u>			
Individual/business contributions	\$ 1,562,491	\$ 0	\$ 0
Grants	9,188,172	6,000	0
Interest	388,053	0	0
Donated services	125,000	0	0
Development fees	170,970	0	0
Rents	83,129	0	0
Miscellaneous	1,101	0	0
Partnership income (loss)	0	0	(169)
Program service fees	314,140	0	0
Gain on disposal of inventory	284,512	0	0
Net assets released from restriction	<u>749,093</u>	<u>(749,093)</u>	<u>0</u>
<i>Total Revenue, Support and Gains</i>	<u>12,866,661</u>	<u>(743,093)</u>	<u>(169)</u>
<u>EXPENSES AND LOSSES</u>			
Program Services:			
Community Development	6,601,173	0	0
Home Ownership	1,797,373	0	0
Multi-family	<u>1,449,283</u>	<u>0</u>	<u>0</u>
	<u>9,847,829</u>	<u>0</u>	<u>0</u>
Supporting Services:			
Management and general	120,423	0	0
Fund-raising	<u>32,351</u>	<u>0</u>	<u>0</u>
	<u>152,774</u>	<u>0</u>	<u>0</u>
<i>Total Expenses and Losses</i>	<u>10,000,603</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	2,866,058	(743,093)	(169)
Income (loss) attributed to non-controlling interest	1,162,528	0	0
Net Assets - Beginning of Year	<u>7,217,532</u>	<u>1,600,393</u>	<u>(1,151)</u>
Net Assets - End of Year	<u>\$11,246,118</u>	<u>\$ 857,300</u>	<u>\$(1,320)</u>

See accompanying notes to consolidated financial statements.

<u>Total Controlling Interest</u>	<u>Non- Controlling Interest</u>	<u>2010 Total</u>	<u>2009 Total</u>
\$ 1,562,491	\$ 0	\$ 1,562,491	\$ 22,550
9,194,172	0	9,194,172	3,679,525
388,053	0	388,053	310,242
125,000	0	125,000	125,000
170,970	0	170,970	3,977,242
83,129	0	83,129	84,250
1,101	0	1,101	3,998
(169)	0	(169)	(246)
314,140	0	314,140	0
284,512	0	284,512	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>12,123,399</u>	<u>0</u>	<u>12,123,399</u>	<u>8,202,561</u>
6,601,173	0	6,601,173	519,469
1,797,373	0	1,797,373	1,002,755
<u>1,449,283</u>	<u>0</u>	<u>1,449,283</u>	<u>4,989,716</u>
<u>9,847,829</u>	<u>0</u>	<u>9,847,829</u>	<u>6,511,940</u>
120,423	0	120,423	156,729
<u>32,351</u>	<u>0</u>	<u>32,351</u>	<u>32,787</u>
<u>152,774</u>	<u>0</u>	<u>152,774</u>	<u>189,516</u>
<u>10,000,603</u>	<u>0</u>	<u>10,000,603</u>	<u>6,701,456</u>
2,122,796	0	2,122,796	1,501,105
1,162,528	(1,162,528)	0	0
<u>8,816,774</u>	<u>1,162,527</u>	<u>9,979,301</u>	<u>8,478,196</u>
<u>\$12,102,098</u>	<u>\$ (1)</u>	<u>\$12,102,097</u>	<u>\$9,979,301</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>Program Services</u>		
	<u>Community Development</u>	<u>Home Ownership</u>	<u>Multi- Family</u>
Bad debt expense	\$ 0	\$ 0	\$ 592,088
Bank service fees	192	4,307	6,449
Community services	511,027	0	0
Construction in progress - Valuation allowance	6,018,284	0	0
Contributions	19,832	20,000	48,944
Depreciation	479	10,724	16,061
Development	1,362	30,524	45,712
Direct assistance - Homebuyer Program	0	283,367	24,907
Donated professional services	33,000	34,000	33,000
Dues and subscriptions	76	1,710	2,561
Employee benefits	810	18,171	27,212
Equipment rental and maintenance	10	230	345
Filing - Application	15	318	477
Insurance	462	10,362	15,518
Interest expense - Louisiana Housing Finance Authority (LHFA)	0	0	111,530
Interest expense - Other	205	4,585	6,866
Inventory - Fair market value adjustment	0	861,759	0
IT Support	406	9,109	13,642
Loss on sale of inventory	0	171,682	0
Marketing	30	679	1,016
Meals and entertainment	134	3,004	4,498
Miscellaneous	89	1,991	2,983
Office	141	3,157	4,728
Payroll taxes	762	17,070	25,564
Pension	0	0	0
Postage and delivery	29	658	985
Printing and reproduction	118	2,653	3,973
Professional fees	1,074	24,083	36,066
Rent	1,590	35,664	53,410
Repairs	4	93	138
Salaries and wages	10,098	226,331	338,950
Supplies	5	107	161
Telephone	545	12,219	18,298
Training	91	2,035	3,048
Travel	185	4,136	6,193
Utilities	118	2,645	3,960
Total Expenses	<u>\$6,601,173</u>	<u>\$1,797,373</u>	<u>\$1,449,283</u>

See accompanying notes to consolidated financial statements.

Total Program Services	Supporting Services			2010	2009
	Fund Raising	Administrative and General	Total Supporting Services	Total Program and Supporting Services Expenses	Total Program and Supporting Services Expenses
\$ 592,088	\$ 0	\$ 0	\$ 0	\$ 592,088	\$2,644,166
10,948	245	1,045	1,290	12,238	10,474
511,027	0	0	0	511,027	383,135
6,018,284	0	0	0	6,018,284	0
88,776	0	0	0	88,776	1,164,162
27,264	610	2,602	3,212	30,476	30,342
77,598	1,735	7,407	9,142	86,740	34,944
308,274	0	0	0	308,274	383,675
100,000	25,000	0	25,000	125,000	125,000
4,347	97	415	512	4,859	2,692
46,193	0	5,443	5,443	51,636	83,397
585	13	56	69	654	3,070
810	18	77	95	905	1,242
26,342	589	2,515	3,104	29,446	90,917
111,530	0	0	0	111,530	111,530
11,656	261	1,112	1,373	13,029	15,553
861,759	0	0	0	861,759	0
23,157	518	2,211	2,729	25,886	26,195
171,682	0	0	0	171,682	143,828
1,725	39	165	204	1,929	1,814
7,636	171	729	900	8,536	17,522
5,063	113	484	597	5,660	9,878
8,026	179	767	946	8,972	10,594
43,396	0	5,113	5,113	48,509	77,984
0	0	0	0	0	15,207
1,672	37	170	207	1,879	4,543
6,744	151	643	794	7,538	5,984
61,223	1,369	5,844	7,213	68,436	46,740
90,664	0	10,682	10,682	101,346	109,514
235	5	23	28	263	53,400
575,379	0	67,790	67,790	643,169	1,026,609
273	6	26	32	305	873
31,062	694	2,966	3,660	34,722	39,489
5,174	116	493	609	5,783	2,634
10,514	235	1,003	1,238	11,752	13,163
6,723	150	642	792	7,515	11,186
<u>\$9,847,829</u>	<u>\$32,351</u>	<u>\$120,423</u>	<u>\$152,774</u>	<u>\$10,000,603</u>	<u>\$6,701,456</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$2,122,796	\$ 1,501,105
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Provision for bad debt	592,088	2,644,166
Depreciation	30,476	30,342
Noncash donation	(4,787,499)	0
Inventory adjustment	861,759	0
Construction in progress - Valuation allowance	6,018,284	0
Changes in operating assets and liabilities:		
Decrease in pledges receivable, prepaid expenses and other receivables	75,493	4,089,502
(Increase) decrease in accounts payable and accrued expenses	278,942	(47,043)
(Increase) decrease in due from government agency	513,753	(1,639,430)
(Decrease) in deferred rents/revenue	(4,321)	(8,518)
Decrease in partnerships	169	0
Gain on disposal of inventory	(284,512)	0
Loss on sale of inventory	<u>171,682</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>5,589,110</u>	<u>6,570,124</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
(Increase) decrease in amount due from affiliates	1,045,359	(2,709,151)
Purchase of property and equipment	(12,017)	(2,181)
(Increase) in deposits	0	(1,200)
(Increase) in notes receivable - Affiliate	(361,423)	(2,421,975)
Decrease in investments - Building	0	20,888
Decrease in custodial funds	62,322	36,708
Proceeds from sale of property	503,284	1,597
(Increase) in investment in Partnerships	0	(414,297)
(Increase) in construction in progress	(3,727,649)	(2,550,691)
(Increase) decrease capital lease	1,277,640	(2,634,317)
(Increase) in notes receivable	(250,000)	0
Payments on notes receivable	<u>14,880</u>	<u>0</u>
Net Cash (Used for) Investing Activities	<u>(1,447,604)</u>	<u>(10,674,619)</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
Year Ended December 31, 2010
(With Summarized Financial Information
at December 31, 2009)

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM FINANCING</u>		
Increase (decrease) in loans to/from related parties	\$(1,833,541)	\$ 675,743
Increase (decrease) in funds held for others	(259,778)	495,218
Payments on long-term debt	(2,022,630)	(1,010,864)
Loan proceeds	404,362	1,795,693
Increase (decrease) in construction payable	(717,427)	1,560,855
Increase in lease payable	<u>0</u>	<u>1,356,677</u>
Net Cash Provided by (Used for) Financing Activities	<u>(4,429,014)</u>	<u>4,873,322</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(287,508)	768,827
Cash and Cash Equivalents - Beginning of Year	<u>1,726,388</u>	<u>957,561</u>
End of Year	<u>\$ 1,438,880</u>	<u>\$1,726,388</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for -		
Interest - Net of capitalized amounts	<u>\$18,258</u>	<u>\$8,678</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>
<u>Non-cash Investing and Financing Activities</u>		
Reduction of net present value of lease asset due to reduction of lease payable	<u>\$432,727</u>	<u>\$ 0</u>
Disposal of land for a note receivable	<u>\$ 0</u>	<u>\$270,000</u>
Acquisition of inventories - Land note payable	<u>\$ 0</u>	<u>\$850,000</u>

See accompanying notes to consolidated financial statements.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

A. Summary of Significant Accounting Policies

Organization

The accompanying consolidated financial statements include the accounts of Providence Community Housing, Inc. and Subsidiaries (the "Corporation"), a non-profit Louisiana corporation created April 5, 2006. The Corporation has members which are UJAMAA Community Development Corporation, Tulane-Canal Neighborhood Development Corporation, Reconcile New Orleans, Inc., Christopher Homes, Inc., Catholic Charities Archdiocese of New Orleans and Sisters of the Holy Family. The Corporation's mission is to foster healthy, diverse and vibrant communities by developing, operating and advocating for affordable, mixed-income housing, supportive services and employment opportunities for individuals, families, seniors and people with special needs.

Program and Supporting Services

Following are the descriptions of the Corporation's program and supporting services:

Program Services:

Community Development: This program encompasses activities focused on economic, health, education and housing development in the Tremé/Lafitte and Tulane/Gravier neighborhoods. This program also includes the operation of Sojourner Truth Community Center with our partner, Enterprise Community Partners, and case management for low income families.

Home Ownership: This program includes all costs associated with acquiring, developing and selling affordable homes for low-income families. Homebuyer services such as mortgage counseling, credit repair and loan applications are provided. There are 600 units planned with 60 currently under construction.

Multi-family: This program consists of expenses related to developing and managing rental properties including individual, multi-family and senior housing. There are approximately 700 units currently in service.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2010

Summary of Significant Accounting Policies (Cont'd)

Program and Supporting Services (Cont'd)

Supporting Services:

Administrative and General: This supporting service includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Corporation's program strategy through the office of the President; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Corporation; and manage the financial and budgetary responsibilities of the Corporation.

Fund-raising: This supporting service provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, corporations, and governmental agencies.

Basis of Accounting and Presentation

The consolidated financial statements include the accounts of Providence Community Housing, Inc. and its subsidiaries. The subsidiaries are: Providence Annunciation Inn Apartments, LLC; Providence Nazareth Inn I, LLC; Providence Nazareth Inn Apartments II, LLC; Providence Delille Inn Apartments, LLC; Providence St. John Berchmans Apartments, LLC; Providence St. Bakhita Apartments, LLC; Providence SHA Development, LLC; Lafitte Redevelopment, LLC; Providence Enterprise Orleans, LLC; Providence Building 12, LLC; and Providence Orleans, LLC. These financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. All significant inter-company balances have been eliminated in the consolidation.

The Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The *Consolidated Statement of Activities* presents activities of the Corporation's operations functionally between program services, administrative and general, and fund-raising. Those expenses which cannot be functionally categorized are allocated among functions based upon management's estimate of usage applicable to conducting those functions.

The Corporation had no permanently restricted assets, liabilities or activities.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Summary of Significant Accounting Policies (Cont'd)

Limited Liability Companies

The Corporation owns .01% of Annunciation Inn Apartments, LLC; Delille Inn Apartment, LLC; Nazareth Inn I, LLC; Nazareth Inn II Apartments, LLC; St. John Berchmans Apartments, LLC, Building 12, LLC and St. Bakhita Apartments, LLC and is the managing member in these limited liability companies, which have investments in rental real estate.

Non-controlling Interest

The Corporation has a controlling interest in two partnerships, Providence Enterprise Orleans, LLC and Lafitte Redevelopment, LLC. The other member is Enterprise New Orleans, LLC and its interest in the partnership income (.01) is shown as non-controlling interest. On March 22, 2011, the parties entered into an agreement transferring 49.99% of Enterprise's membership to the Corporation as of January 1, 2010. Also see Note S.

Construction-in-progress and Valuation Allowance

These costs relate to infrastructure construction occurring at the Lafitte site (see Note R). Construction-in-progress is stated at net realizable value with a valuation allowance of \$6,018,284.

As of December 2010, management determined that the infrastructure improvements would be dedicated to the City of New Orleans at the end of the lease term and therefore had no value on the financial position of Lafitte Redevelopment. Therefore, management recorded a valuation reserve of \$6,018,284 which represents the infrastructure cost incurred through December 31, 2010 at Lafitte Redevelopment.

Property and Equipment

Items capitalized as part of property and equipment are valued at cost. Donated property used by the Corporation is recorded at the fair market value on the date contributed.

The Corporation has adopted a policy of capitalizing property and equipment greater than \$500.

Depreciation of property and equipment is provided over the estimated lives (5 - 7 years) of the respective asset using the straight-line method of depreciation.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Summary of Significant Accounting Policies (Cont'd)

Income Taxes

Providence Community Housing, Inc. qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended. The Corporation had no unrelated business income for the year ended December 31, 2010. Providence Annunciation Inn Apartments, LLC; Providence Nazareth Inn I, LLC; Providence Nazareth Inn Apartments II, LLC; Providence Delille Inn Apartments, LLC; Providence St. John Berchmans Apartments, LLC and Providence St. Bahkita Apartments, LLC have elected to be taxed as corporate entities. Providence SHA Development, LLC; Lafitte Redevelopment, LLC; and Providence Enterprise Orleans, LLC have elected to be treated as partnerships for tax purposes.

Cash Equivalents

For the purposes of the *Consolidated Statements of Cash Flows*, the Corporation considers unrestricted highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Estimates

Preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services

Donated services are recognized as contributions in accordance with U.S. generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Volunteers also provided services throughout the year, which are not recognized as contributions in the financial statements since the recognition criteria under U.S. generally accepted accounting principles were not met. The fair value of the president's compensation to the Corporation was donated which was valued at \$125,000 for the year.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Summary of Significant Accounting Policies (Cont'd)

Donated Property and Equipment

Donation of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Inventory - Land and Buildings

The inventory of land and buildings consist of various lots (approximately 158) located in the Treme area of the City of New Orleans that will be used in the Lafitte Redevelopment Project. The costs associated with maintaining the land are included in 'Inventory' on the *Statement of Financial Position*.

Inventory is stated at the lower of cost or market, with valuation determined by appraisals or cost. The adjustment to market of inventory for the year ended December 31, 2010 was \$861,759.

Pre-development Cost

The pre-development cost related to cost that management indicates will be reimbursed when various lots are sold in future tax credit developments.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the *Consolidated Statement of Activities* and in the *Consolidated Statement of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
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Summary of Significant Accounting Policies (Cont'd)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3).

Subsequent Events

Subsequent events have been evaluated through July 12, 2011, which is the date the financial statements were available to be issued.

B. Cash Restricted

Certain amounts of cash are restricted as follows:

Own the Crescent - Housing	\$ 6,000
Annunciation Inn, LLC - HOME Funds	1,948
Kellog - New City - Neighborhood Development	94,851
Freddie Mac Corporation - Lafitte Playground	<u>144,000</u>
	<u>\$246,799</u>

C. Due From Government Agencies

The following are receivables for services provided to governmental agencies:

State of Louisiana	\$ 191,200
Housing Authority of New Orleans	<u>934,477</u>
	<u>\$1,125,677</u>

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2010

D. Pledge Receivable

The pledge receivable represents promises to give for housing programs. At December 31, 2010, the amounts consist of \$610,501 which are due in one year.

Conditional promises to give as of December 31, 2010 were \$2,400,000. Because they are conditional they have not been recorded on these financial statements and related to rental housing.

E. Due from Affiliates

The Corporation has provided assistance to various affiliated projects in the New Orleans area. Accordingly the following are the balances receivable from these affiliates as of December 31, 2010.

Building 12 - Operating/Pre-development costs (Net of \$121,500 allowance)	\$ 316,092
Building 12 - Developer fees	42,553
Delille Inn, LLC - Developer fees	367,176
Delille Inn, LLC - Operating/Pre-development costs	105,983
Nazareth Inn I, LLC - Developer fees	320,965
Nazareth Inn I, LLC - Operating/Pre-development costs	127,734
Nazareth Inn Apartments II, LLC - Developer fees	99,136
Nazareth II, LLC - Operating/Pre-development costs	136,118
St. Bakhita Apartments, LLC - Operating/ Pre-development costs	51,201
St. Bakhita Apartments - Developer fees	44,545
St. John Berchmans, LLC - Developer fees	261,316
St. John Berchmans, LLC - Operating/Pre-development costs	<u>251,302</u>
	<u>\$2,124,121</u>

The amounts due from affiliates are non-interest bearing and have no repayment terms.

F. Guarantees - Related Parties

The Corporation and other unrelated corporations have signed completion guarantees to the Housing Authority of New Orleans (HANO) and JP Morgan Chase Bank for the Lafitte Redevelopment Blocks 1-3, LLC project. These guarantees obligate any of the Corporations to perform as necessary, in order to ensure that the scope of the project is completed as anticipated. The total amount of the guarantee was \$11,300,000 at December 31, 2010. This contract was approximately 90% complete as of December 31, 2010.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2010

Guarantees - Related Parties (Cont'd)

The Corporation and Providence Annunciation Inn Apartments, LLC; Providence Nazareth Inn I, LLC; Providence Nazareth Inn Apartments II, LLC; Providence Delille Inn Apartments, LLC; Providence St. John Berchmans Apartments, LLC; Providence Building 12, LLC; and Providence St. Bakhita Apartments, LLC have operating deficit guarantees for the various projects they are the managing members of. No amounts were required for the year ended December 31, 2010.

G. Notes Receivable

Covenant House New Orleans (Non-related party)	\$ 29,745
Builders of Hope (Non-related party)	250,000
Building 12, LLC - Deferred note - Building Acquisition	314,880
Building 12, LLC	92,447
St. Bakhita Apartments, LLC - Green note (Net of \$5,440 allowance)	50,000
St. Bakhita Apartments, LLC - Rent note (Net of \$145,405 allowance)	559,869
Nazareth Inn I, LLC - Deferred development	619,270
Nazareth Inn I, LLC - Deferred operating note	376,740
Nazareth Inn II Apartments, LLC - Deferred development	579,661
Delille Inn Apartments, LLC - Deferred development	72,640
Delille Inn Apartments, LLC - HOME Fund (Net of \$414,687 allowance)	0
Annunciation Inn Apartments, LLC - Deferred development	185,174
Annunciation Inn Apartments, LLC - HOME Fund (Net of \$629,330 allowance)	0
St. John Berchmans Apartments, LLC - HOME Fund (Net of \$1,367,929 allowance)	0
St. Bakhita Apartments, LLC - Deferred development	<u>1,112,950</u>
	<u>\$4,243,376</u>

In December 2009, Covenant House New Orleans (a non-related party) signed a promissory note to pay the Corporation \$44,625. This note is non-interest bearing and calls for 36 monthly payments of \$1,240.

As of December 31, 2010, Builders of Hope, Inc. signed a promissory note to pay the Corporation \$250,000. This note is non-interest bearing and matures on October 1, 2011.

In December 2008, Building 12, LLC signed a promissory note to pay the Corporation \$270,000. The note accrues interest at 8%. This note is due and payable in one payment in December 2040 and has accrued interest of \$44,880.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2010

Notes Receivable (Cont'd)

- In 2010, Building 12, LLC completed development, and per the development agreement agreed to pay the Corporation \$92,447. The Corporation is owed \$92,447 as a deferred development fee which will accrue interest at 8%. This loan will be paid from cash flow pursuant to the partnership's operating agreement.
- In December 2007, the St. Bakhita Apartments, LLC signed two notes to pay the Corporation. The notes are for \$50,000 and \$559,869 and accrue interest at a rate of 8%. These notes are due on or before December 31, 2042. The outstanding balance at December 31, 2010 was \$760,714, the 2010 balance includes accrued interest. An allowance was recorded for the interest income in the amount of \$150,845.
- In May 2009, Nazareth Inn I, LLC signed a development service agreement to pay the Corporation for developing the project. The deferred development fee is for \$544,365 and accrues interest at 8%. This amount is due on or before December 31, 2022. The accrued interest on this note is \$74,905.
- In September 2009, Nazareth Inn I, LLC signed a promissory note to pay the Corporation for plumbing improvements. This note is for \$315,000 and accrues interest at 8%. This amount is due on or before October 1, 2049. The accrued interest on this note is \$61,740.
- In December 2007, Nazareth Inn II Apartments, LLC signed a development service agreement to pay the Corporation for developing the project. The project was placed in service on December 22, 2008. The deferred development fee is \$496,966 and accrues interest at 8%. This amount is due on or before December 31, 2022. The accrued interest on this note is \$82,695.
- In May 2008, Delille Inn Apartments, LLC signed a development service agreement to pay the Corporation for developing the project. The deferred development fee is for \$65,940 and accrues interest at 8%. This amount is due on or before December 31, 2023. The accrued interest on this note is \$6,700.
- In May 2009, Delille Inn Apartments, LLC signed a promissory note in the amount of \$388,826. This note bears interest at the applicable federal rate (4.14% at December 31, 2010). This note is due and payable on or before May 31, 2018. As these funds were a grant from the City of New Orleans, an allowance has been recorded for the note balance and any accrued interest.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2010

Notes Receivable (Cont'd)

In December 2007, Annunciation Inn Apartments, LLC signed a development service agreement to pay the Corporation for developing the project. The balance on the deferred development fee is for \$249,658 and accrues interest at 8%. This amount is due and payable on or before December 31, 2022. A payment of \$100,000 was made in 2010 and the outstanding balance as of December 31, 2010 was \$149,658. The accrued interest on this note is \$35,516.

In May 2009, Annunciation Inn Apartments, LLC signed a promissory note in the amount of \$610,848. This note bears interest at the applicable federal rate (4.14% at December 31, 2010). This note is due and payable on or before December 31, 2017. As these funds were a grant from the City of New Orleans, an allowance has been recorded for the note balance and any accrued interest.

In May 2009, St. John Berchmans Apartments, LLC signed a promissory note in the amount of \$1,284,626. This note bears interest at the applicable federal rate (4.14% at December 31, 2010). This note is due and payable on or before June 18, 2018. As these funds were a grant from the City of New Orleans, an allowance has been recorded for the note balance and any accrued interest.

In 2009, St. Bakhita Apartments, LLC completed development and per the development service agreement, agreed to pay the Corporation \$1,027,383. This note accrues interest at 8%. This amount is due and payable on or before December 31, 2022. The balance on this note as of December 31, 2010 was \$1,011,928 and the note had accrued interest of \$101,022.

H. Long Term Debt

	Due Within <u>One Year</u>	Due After <u>One Year</u>
Enterprise Community Partners	\$ 0	\$ 749,999
Enterprise Community Loan Foundation	250,000	0
First Bank and Trust	1,009,781	0
Louisiana Housing Finance Agency	0	3,360,604
Louisiana Disaster Recovery Foundation	261,667	0
Louisiana Disaster Recovery Foundation	156,375	0
NHSA - CDFI	212,063	0
Community Development Capital	400,000	0
Enterprise Community Loan Foundation - Lafitte Redevelopment, LLC	260,058	0
Isaiah Fund PRI	<u>0</u>	<u>404,362</u>
Total	<u>\$2,549,944</u>	<u>\$4,514,965</u>

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2010

Long Term Debt (Cont'd)

In June 2007, the Corporation entered into an agreement with Enterprise Community Partners in the amount of \$750,000 which will be used as a line-of-credit. This loan is non-interest bearing and is unsecured. The note is due on February 22, 2012. The balance on this line-of-credit as of December 31, 2010 was \$749,999.

On March 31, 2009, the Corporation entered into an agreement with Enterprise Community Loan Foundation in the amount of \$250,000. This loan is non-interest bearing and is due on October 1, 2011. The balance on this loan as of December 31, 2010 was \$250,000.

In December 2007, the Corporation entered into an agreement with First Bank and Trust in the amount of \$1,305,000. This loan bears interest at a rate of 6% and was due and payable on May 30, 2011. This loan is collateralized by real estate. The balance on this loan as of December 31, 2010 was \$1,009,781.

In December 2007, the Corporation assumed a loan from UJAMAA Community Development Corporation and entered into an agreement with the Louisiana Housing Finance Agency for \$3,032,669. This amount included a principal balance of \$2,750,047 and accrued interest of \$282,622. This loan bears interest at a rate of 4% and is payable from surplus cash generated by property owned by the Corporation with the first payment from excess cash flow from Building 12, LLC with all unpaid principal and interest due April 2038. This loan is collateralized by real estate. The balance of this loan as of December 31, 2010 was \$3,360,604.

In June 2008, the Corporation entered into an agreement with the Louisiana Disaster Recovery Foundation for \$250,000. This loan bears interest at 2% and is due and payable on December 31, 2010. The balance of this loan at December 31, 2010 was \$261,667, which includes accrued interest.

In 2009, the Corporation entered into an agreement with the Louisiana Disaster Recovery Foundation for \$150,000. This loan bears interest at 2% and is due and payable in June 2011. The balance of this loan at December 31, 2010 was \$156,375, which includes accrued interest.

In February 2008, the Corporation entered into an agreement with Community Housing Capital formerly NHSA-CDFI for a total maximum amount of \$1,070,000. The Corporation entered into a subsequent agreement in the amount of \$440,000. These agreements are for 24 months. As of December 31, 2010 there was one loan of \$212,063 outstanding which bears interest at 5.18%. This agreement is collateralized by real estate.

PROVIDENCE COMMUNITY HOUSING, INC.
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Long Term Debt (Cont'd)

On March 31, 2009, the Corporation signed a promissory note with Community Development Capital for \$600,000. This loan bears interest at 6.56% and is due and payable on December 31, 2011. The balance of this loan at December 31, 2010 was \$400,000.

On September 26, 2007, Lafitte Redevelopment, LLC entered into an agreement with Enterprise Community Loan Fund for \$1,338,810. This loan bears interest at 7% and is due and payable on April 30, 2010. The balance of this note at December 31, 2010 was \$260,058 which includes accrued interest.

On July 30, 2010, the Corporation entered into an agreement with Isaiah Fund, PRI in the amount of \$200,000 which was subsequently increased in October 2010 to \$400,000. This loan bears interest at 4% (fixed for one year) and is due on July 30, 2015. The balance on this loan as of December 31, 2010 was \$404,362.

The future scheduled maturities of long-term debt are as follows:

2011	\$2,549,944
2012	749,999
2013	0
2014	0
2015	0
Thereafter	<u>3,764,966</u>
	<u>\$7,064,909</u>

I. Deferred Rents/Revenue

In December 2007, the Corporation entered into a ground lease with St. Bakhita Apartments, LLC to lease land for 99 years in exchange for deferred rents. The amount of \$875,000 is being amortized over the life of the lease which began in 2008. The balance at December 31, 2010 was \$848,485.

The Corporation has deferred revenue on a contract for community services that have not been performed of \$4,517.

J. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2010:

Housing programs	\$618,449
Lafitte playground	144,000
Program development	<u>94,851</u>
	<u>\$857,300</u>

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2010

Temporarily Restricted Net Assets (Cont'd)

The following temporarily restricted net assets were released from restrictions during 2010 due to the satisfaction of donor restrictions:

Housing programs	\$400,434
Program Development	98,659
Lafitte	<u>250,000</u>
	<u>\$749,093</u>

K. Leasing Arrangements

The Corporation leases commercial space for a five year term that ends September 30, 2011. The monthly rent is \$8,493.

Minimum future lease payments for the next five years are as follows:

2011	\$76,437
2012	0
2013	0
2014	0
2015	<u>0</u>
	<u>\$76,437</u>

L. Related Party Transactions

The Corporation paid Catholic Charities Archdiocese of New Orleans \$505,130 for services related to programs.

During 2010, Christopher Homes, Inc. contributed to the Corporation 50% of the development fees earned on properties formerly owned by the Archdiocese of New Orleans. The amount contributed was \$1,255,633 and is included in 'Individual/business contributions' on the Statement of Activities.

During 2009, the Corporation contributed \$712,002 to the Sisters of the Holy Family representing 50% of the development fees on properties formerly owned by the Sisters. A payable in the amount of \$347,215 is shown on the Consolidated Statement of Financial Position at December 31, 2010.

See Note G for related party notes receivable.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2010

M. Concentrations

The Corporation maintains its cash balances in one financial institution located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010, the Corporation's uninsured cash balances totaled \$1,891,694. Management believes the Corporation is not exposed to any significant credit risk related to cash.

Included in \$9,194,172 in grants are \$4,787,499 received from the State of Louisiana (52%) and \$3,693,230 received from the Housing Authority of New Orleans (40%).

N. Retirement Plan

The Corporation has a Simple IRA plan covering all full-time employees that meet certain age requirements. The amount of contribution to the plan is determined annually and may vary from one to three percent of covered compensation. Eligible employees may elect to make contributions of a specific dollar amount or percentage of their salary not to exceed \$10,500 per year. The total expense related to this plan was \$-0- for the year ended December 31, 2010.

O. Capital Lease

In September 2009, Lafitte Redevelopment, LLC ("Lafitte"), 99.99% (as of December 31, 2010) owned by the Corporation, entered into a capital ground lease with the Housing Authority of New Orleans (HANO). The term of the lease is 65 years. This agreement called for a payment of \$1,277,640 with the remainder to be paid according to the Total Rent Payment Note. In 2010 HANO reimbursed Lafitte the \$1,277,640 which is included in 'Grants' on the Statement of Activities. This note accrues interest at the applicable federal rate. The economic substance of the lease is that Lafitte is financing the acquisition of the assets through the lease, and accordingly, it is recorded on Lafitte's assets and liabilities. The lease agreement contains a bargain purchase option.

PROVIDENCE COMMUNITY HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2010

P. Fair Value

Fair values of assets and liabilities measured on a recurring basis at December 31, 2010 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Notes receivable	\$ <u>4,243,376</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>4,243,376</u>
Liabilities:				
Long-term debt	\$ <u>7,064,909</u>	\$ <u>0</u>	\$ <u>7,064,909</u>	\$ <u>0</u>

Fair value measurements at December 31, 2010 using significant unobservable inputs (Level 3):

Assets - Notes receivable:

Beginning Balance	\$3,835,351
Additions/Advances	582,905
Deductions/Payments	<u>(174,880)</u>
Ending Balance	\$ <u>4,243,376</u>

Q. Funds Held for Others

The Corporation is holding on behalf of Annunciation Inn, LLC, the HOME Funds from the City of New Orleans and will transfer these funds as the renovation on the project occurs. The amount as of December 31, 2010 was \$1,948. In addition, the Corporation is holding funds of \$103,763 for UJAMAA.

R. Commitments and Contingencies

Lafitte Redevelopment signed an infrastructure agreement in the amount of \$14,233,761 with the Housing Authority of New Orleans (HANO). \$6,278,340 has been constructed and is on the *Statement of Financial Position* as 'Construction-in-progress'. A fee of .75% is earned on the contract as construction is completed.

In the normal course of business, the Corporation is involved in disputes related to certain projects. Management believes that the resolution of these matters will not have a material effect on the Corporation's financial position or results of operations.

PROVIDENCE COMMUNITY HOUSING, INC.
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8. Subsequent Event

The Corporation signed an agreement of interest dated March 22, 2011, which required the Corporation to sell 49.99% of its interest in Lafitte Redevelopment, LLC to Enterprise New Orleans NT, LLC at fair market value.

SUPPLEMENTARY INFORMATION

PROVIDENCE COMMUNITY HOUSING, INC.
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COMBINING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2010

	<u>Providence Community Housing, Inc.</u>	<u>Providence Annunciation Inn Apartments, LLC</u>	<u>Providence Delille Inn Apartments, LLC</u>	<u>Providence Nazareth Inn I, LLC</u>	<u>Providence Nazareth Inn Apartments II, LLC</u>
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash and cash equivalents	\$ 984,210	\$ 0	\$ 0	\$ 0	\$ 0
Cash restricted	246,799	0	0	0	0
Other receivable	85,066	0	0	0	0
Due from government agency	191,200	0	0	0	0
Pledges receivable	610,501	0	0	0	0
Prepaid expenses	8,232	0	0	0	0
Inventory - Land and buildings	8,526,084	0	0	0	0
Note receivable - Other current	<u>264,880</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>10,916,972</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Property and Equipment</u>					
Land	2,732,669	0	0	0	0
Office furniture and equipment	<u>183,075</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2,915,744	0	0	0	0
Less: Accumulated depreciation	<u>116,296</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Property and Equipment	<u>2,799,448</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Assets</u>					
Due from affiliates (Net of allowance of \$121,500)	3,821,160	0	0	0	0
Deposits	12,750	0	0	0	0
Note receivable - Other	14,865	0	0	0	0
Note receivable - Affiliate (Net of allowance of \$2,562,791)	2,806,136	0	0	0	0
Custodial funds	103,763	0	0	0	0
Capital lease property	0	0	0	0	0
Investments in partnerships	0	(49)	(36)	414,420	(90)
Pre-development costs	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Assets	<u>-6,808,674</u>	<u>(49)</u>	<u>(36)</u>	<u>414,420</u>	<u>(90)</u>
Total Assets	<u>\$20,525,094</u>	<u>\$ (49)</u>	<u>\$ (36)</u>	<u>\$414,420</u>	<u>\$ (90)</u>

<u>Providence St. John Berchmans Apartments, LLC</u>	<u>Providence St. Bakhta Apartments, LLC</u>	<u>Providence GMA</u>	<u>Lafitte Redevelop- ment, LLC</u>	<u>Providence Enterprise Orleans, LLC</u>	<u>Total</u>	<u>Eliminating Reclas- sification</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 83,751	\$124,120	\$ 1,192,081	\$ 0	\$ 1,192,081
0	0	0	0	0	246,799	0	246,799
0	0	0	0	0	85,066	0	85,066
0	0	0	934,477	0	1,125,677	0	1,125,677
0	0	0	0	0	610,501	0	610,501
0	0	0	0	0	8,232	0	8,232
0	0	0	0	0	8,526,084	0	8,526,084
0	0	0	0	0	264,880	0	264,880
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,018,228</u>	<u>124,120</u>	<u>12,059,320</u>	<u>0</u>	<u>12,059,320</u>
0	0	0	0	0	2,732,669	0	2,732,669
0	0	0	0	0	183,075	0	183,075
0	0	0	0	0	2,915,744	0	2,915,744
0	0	0	0	0	116,296	0	116,296
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,799,448</u>	<u>0</u>	<u>2,799,448</u>
0	0	0	0	0	3,821,160	1,697,039	2,124,121
0	0	0	0	0	12,750	0	12,750
0	0	0	0	0	14,865	0	14,865
0	0	1,157,495	0	0	3,963,631	0	3,963,631
0	0	0	0	0	103,763	0	103,763
0	0	0	2,049,460	0	2,049,460	0	2,049,460
(55)	(966)	0	0	0	413,224	0	413,224
0	0	0	0	0	50,000	0	50,000
<u>(55)</u>	<u>(966)</u>	<u>1,157,495</u>	<u>2,049,460</u>	<u>0</u>	<u>10,428,853</u>	<u>1,697,039</u>	<u>8,731,814</u>
<u>\$(55)</u>	<u>\$(966)</u>	<u>\$1,157,495</u>	<u>\$3,067,688</u>	<u>\$124,120</u>	<u>\$25,287,623</u>	<u>\$1,697,039</u>	<u>\$23,590,582</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
COMBINING SCHEDULE OF FINANCIAL POSITION
(Continued)
DECEMBER 31, 2010

	Providence Community Housing, Inc.	Providence Annunciation Inn Apartments, LLC	Providence Delille Inn Apartments, LLC	Providence Nazareth Inn I, LLC	Providence Nazareth Inn Apartments II, LLC
LIABILITIES AND NET ASSETS					
<u>Current Liabilities</u>					
Accounts payable and other accrued expenses	\$ 273,102	\$ 0	\$ 0	\$ 0	\$ 0
Construction payable	0	0	0	0	0
Accrued wages and vacation	36,916	0	0	0	0
Long-term debt due within one year	2,289,886	0	0	0	0
Funds held for others - Related party	<u>1,948</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>2,601,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Liabilities</u>					
Accounts payable - Related party	347,215	0	0	414,544	0
Funds held for others	103,763	0	0	0	0
Deferred rents/revenue	848,485	0	0	0	0
Lease payable	0	0	0	0	0
Long-term debt, Less current portion	<u>4,514,965</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Liabilities	<u>5,814,428</u>	<u>0</u>	<u>0</u>	<u>414,544</u>	<u>0</u>
Total Liabilities	<u>8,416,280</u>	<u>0</u>	<u>0</u>	<u>414,544</u>	<u>0</u>
<u>Net Assets</u>					
Unrestricted net assets	11,251,814	0	0	0	0
Restricted net assets	857,300	0	0	0	0
Retained earnings	0	(49)	(36)	(124)	(90)
Non-controlling interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Assets	<u>12,108,814</u>	<u>(49)</u>	<u>(36)</u>	<u>(124)</u>	<u>(90)</u>
Total Liabilities and Net Assets	<u>\$20,525,094</u>	<u>\$ (49)</u>	<u>\$ (36)</u>	<u>\$414,420</u>	<u>\$ (90)</u>

<u>Providence St. John Berdmans Apartments, LLC</u>	<u>Providence St. Bakhta Apartments, LLC</u>	<u>Providence SHA</u>	<u>Lafitte Redevelop- ment, LLC</u>	<u>Providence Enterprise Orleans, LLC</u>	<u>Total</u>	<u>Eliminating Reclass- ification</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 52,893	\$ 0	\$ 325,995	\$ 0	\$ 325,995
0	0	0	965,333	0	965,333	0	965,333
0	0	0	0	0	36,916	0	36,916
0	0	0	260,058	0	2,549,944	0	2,549,944
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,948</u>	<u>0</u>	<u>1,948</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,278,284</u>	<u>0</u>	<u>3,880,136</u>	<u>0</u>	<u>3,880,136</u>
0	0	1,157,495	0	125,000	2,044,254	1,697,039	347,215
0	0	0	0	0	103,763	0	103,763
0	0	0	0	4,517	853,002	0	853,002
0	0	0	1,789,404	0	1,789,404	0	1,789,404
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,514,965</u>	<u>0</u>	<u>4,514,965</u>
<u>0</u>	<u>0</u>	<u>1,157,495</u>	<u>1,789,404</u>	<u>129,517</u>	<u>9,305,388</u>	<u>1,697,039</u>	<u>7,608,349</u>
<u>0</u>	<u>0</u>	<u>1,157,495</u>	<u>3,067,688</u>	<u>129,517</u>	<u>13,185,524</u>	<u>1,697,039</u>	<u>11,488,485</u>
0	0	0	0	(5,396)	11,246,118	0	11,246,118
0	0	0	0	0	857,300	0	857,300
(55)	(966)	0	0	0	(1,320)	0	(1,320)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
<u>(55)</u>	<u>(966)</u>	<u>0</u>	<u>0</u>	<u>(5,397)</u>	<u>12,102,097</u>	<u>0</u>	<u>12,102,097</u>
<u>\$(55)</u>	<u>\$(966)</u>	<u>\$1,157,495</u>	<u>\$3,067,688</u>	<u>\$124,120</u>	<u>\$25,287,621</u>	<u>\$1,697,039</u>	<u>\$23,590,582</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
COMBINING SCHEDULE OF FINANCIAL POSITION
(Continued)
DECEMBER 31, 2009

	Providence Community Housing, Inc.	Providence Annunciation Inn Apartments, LLC	Providence Delille Inn Apartments, LLC	Providence Nazareth Inn I, LLC
ASSETS				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 748,838	\$ 0	\$ 0	\$ 0
Cash restricted	934,168	0	0	0
Other receivable	743	0	0	0
Due from government agency	0	0	0	0
Fledges receivable	716,225	0	0	0
Prepaid expenses	12,324	0	0	0
Investments - Land and buildings	5,040,799	0	0	0
Notes receivable - Other current	14,880	0	0	0
Note receivable - Affiliate current	293,280	0	0	0
	<u>7,761,256</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Property and Equipment</u>				
Land	2,732,669	0	0	0
Office furniture and equipment	171,808	0	0	0
	<u>2,904,477</u>	<u>0</u>	<u>0</u>	<u>0</u>
Less: Accumulated depreciation	86,570	0	0	0
	<u>2,817,907</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Assets</u>				
Due from affiliates (Net of allowance of \$1,113,676)	3,987,595	0	0	0
Fledge receivable	50,000	0	0	0
Deposits	12,750	0	0	0
Note receivable - Other	29,745	0	0	0
Note receivable - Affiliate (Net of allowance of \$2,417,202)	3,497,446	0	0	0
Custodial funds	166,085	0	0	0
Construction in progress	0	0	0	0
Capital lease property	0	0	0	0
Investments in partnerships	0	(30)	(14)	414,456
	<u>7,743,621</u>	<u>(30)</u>	<u>(14)</u>	<u>414,456</u>
Total Other Assets	<u>7,743,621</u>	<u>(30)</u>	<u>(14)</u>	<u>414,456</u>
Total Assets	<u>\$18,322,784</u>	<u>\$ (30)</u>	<u>\$ (14)</u>	<u>\$414,456</u>

<u>Providence Nazareth Inn Apartments II, LLC</u>	<u>Providence St. John Berghmans Apartments, LLC</u>	<u>Providence St. Bakhtia Apartments, LLC</u>	<u>Providence SHA</u>	<u>Lafitte Redevelop- ment, LLC</u>	<u>Total</u>	<u>Eliminating Reclass- ification</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 52	\$ 43,330	\$ 792,220	\$ 0	\$ 792,220
0	0	0	0	0	934,168	0	934,168
0	0	0	0	0	743	0	743
0	0	0	0	1,639,430	1,639,430	0	1,639,430
0	0	0	0	0	716,225	0	716,225
0	0	0	0	0	12,324	0	12,324
0	0	0	0	0	5,040,798	0	5,040,798
0	0	0	0	0	14,880	0	14,880
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>293,280</u>	<u>0</u>	<u>293,280</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>52</u>	<u>1,682,760</u>	<u>9,444,068</u>	<u>0</u>	<u>9,444,068</u>
0	0	0	0	0	2,732,669	0	2,732,669
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>171,808</u>	<u>0</u>	<u>171,808</u>
0	0	0	0	0	2,904,477	0	2,904,477
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,570</u>	<u>0</u>	<u>86,570</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,817,907</u>	<u>0</u>	<u>2,817,907</u>
0	0	0	366,905	0	4,354,500	(781,450)	3,573,050
0	0	0	0	0	50,000	0	50,000
0	0	0	0	0	12,750	0	12,750
0	0	0	0	0	29,745	0	29,745
0	0	0	1,089,026	0	4,586,472	(1,089,026)	3,497,446
0	0	0	0	0	166,085	0	166,085
0	0	0	0	2,325,054	2,325,054	0	2,325,054
0	0	0	0	2,859,954	2,859,954	0	2,859,954
<u>(51)</u>	<u>(30)</u>	<u>(928)</u>	<u>0</u>	<u>0</u>	<u>413,393</u>	<u>0</u>	<u>413,393</u>
<u>(61)</u>	<u>(30)</u>	<u>(928)</u>	<u>1,455,931</u>	<u>5,185,008</u>	<u>14,797,953</u>	<u>(1,870,476)</u>	<u>12,927,477</u>
<u>\$(61)</u>	<u>\$(30)</u>	<u>\$(928)</u>	<u>\$1,455,983</u>	<u>\$6,867,768</u>	<u>\$27,059,928</u>	<u>\$(1,870,476)</u>	<u>\$25,189,452</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
COMBINING SCHEDULE OF FINANCIAL POSITION
(Continued)
DECEMBER 31, 2009

	<u>Providence Community Housing, Inc.</u>	<u>Providence Annunciation Inn Apartments, LLC</u>	<u>Providence Delille Inn Apartments, LLC</u>	<u>Providence Nazareth Inn I, LLC</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current Liabilities</u>				
Accounts payable and other accrued expenses	\$ 46,449	\$ 0	\$ 0	\$ 0
Construction payable	0	0	0	0
Accrued wages and vacation	37,520	0	0	0
Long-term debt due within one year	3,020,952	0	0	0
Funds held for others	<u>546,619</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>3,659,540</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Liabilities</u>				
Accounts payable - Related party	1,833,490	0	0	414,544
Funds held for others	166,085	0	0	0
Deferred rents	857,323	0	0	0
Lease payable	0	0	0	0
Long-term debt, Less current portion	<u>4,150,948</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Liabilities	<u>7,007,846</u>	<u>0</u>	<u>0</u>	<u>414,544</u>
Total Liabilities	<u>10,667,386</u>	<u>0</u>	<u>0</u>	<u>414,544</u>
<u>Net Assets</u>				
Unrestricted net assets	6,055,005	0	0	0
Restricted net assets	1,600,393	0	0	0
Retained earnings	0	(30)	(14)	(88)
Non-controlling interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Assets	<u>7,655,398</u>	<u>(30)</u>	<u>(14)</u>	<u>(88)</u>
Total Liabilities and Net Assets	<u>\$18,322,784</u>	<u>\$(30)</u>	<u>\$(14)</u>	<u>\$414,456</u>

<u>Providence Nazareth Inn Apartments II, LLC</u>	<u>Providence St. John Borchmans Apartments, LLC</u>	<u>Providence St. Sakhita Apartments, LLC</u>	<u>Providence SHA</u>	<u>Lafitte Redevelop- ment, LLC</u>	<u>Total</u>	<u>Eliminating Reclass- ification</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,449	\$ 0	\$ 46,449
0	0	0	0	1,682,760	1,682,760	0	1,682,760
0	0	0	0	0	37,520	0	37,520
0	0	0	0	1,503,277	4,532,229	0	4,532,229
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>546,619</u>	<u>0</u>	<u>546,619</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,186,037</u>	<u>6,845,577</u>	<u>0</u>	<u>6,845,577</u>
0	0	0	1,455,983	0	3,704,017	(1,870,476)	1,833,541
0	0	0	0	0	166,085	0	166,085
0	0	0	0	0	857,323	0	857,323
0	0	0	0	1,356,677	1,356,677	0	1,356,677
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,150,948</u>	<u>0</u>	<u>4,150,948</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,455,983</u>	<u>1,356,677</u>	<u>10,235,050</u>	<u>(1,870,476)</u>	<u>8,364,574</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,455,983</u>	<u>4,542,714</u>	<u>17,080,627</u>	<u>(1,870,476)</u>	<u>15,210,151</u>
0	0	0	0	1,162,527	7,217,532	0	7,217,532
0	0	0	0	0	1,600,393	0	1,600,393
(61)	(30)	(928)	0	0	(1,151)	0	(1,151)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,162,527</u>	<u>1,162,527</u>	<u>0</u>	<u>1,162,527</u>
<u>(61)</u>	<u>(30)</u>	<u>(928)</u>	<u>0</u>	<u>2,325,054</u>	<u>9,279,301</u>	<u>0</u>	<u>9,279,301</u>
<u>\$(61)</u>	<u>\$(30)</u>	<u>\$(928)</u>	<u>\$(1,455,983)</u>	<u>\$6,867,768</u>	<u>\$27,059,928</u>	<u>\$(1,870,476)</u>	<u>\$25,189,452</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
COMBINING SCHEDULE OF ACTIVITIES
DECEMBER 31, 2010

	<u>Providence Community Housing, Inc.</u>	<u>Providence Annunciation Inn Apartments, LLC</u>	<u>Providence Delille Inn Apartments, LLC</u>	<u>Providence Nazareth Inn I, LLC</u>	<u>Providence Nazareth Inn Apartments II, LLC</u>
REVENUE, SUPPORT AND GAINS					
Individual/business contributions	\$ 1,268,178	\$ 0	\$ 0	\$ 0	\$ 0
Grants	5,500,942	0	0	0	0
Interest	388,053	0	0	0	0
Donated services	125,000	0	0	0	0
Development fees	170,970	0	0	0	0
Rents	83,129	0	0	0	0
Miscellaneous	1,091	0	0	0	0
Partnership income/(loss)	0	(19)	(22)	(36)	(29)
Program services fees	314,140	0	0	0	0
Gain (loss) on disposal of property	<u>284,512</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue, Support and Gains	<u>\$ 8,136,015</u>	<u>(19)</u>	<u>(22)</u>	<u>(36)</u>	<u>(29)</u>
EXPENSES AND LOSSES					
Program Services:					
Community Development	283,179	0	0	0	0
Home Ownership	1,797,373	0	0	0	0
Multi-family	<u>1,449,283</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,529,835</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Supporting Services:					
Management and general	120,413	0	0	0	0
Fund-raising	32,351	0	0	0	0
Guarantee payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>152,764</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses and Losses	<u>3,682,599</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	4,453,416	(19)	(22)	(36)	(29)
Income attributed to non-controlling interest	0	0	0	0	0
Net Assets - Beginning of Year	<u>7,655,398</u>	<u>(30)</u>	<u>(14)</u>	<u>(88)</u>	<u>(61)</u>
Net Assets - End of Year	<u>\$12,108,814</u>	<u>\$ (49)</u>	<u>\$ (36)</u>	<u>\$ (124)</u>	<u>\$ (90)</u>

<u>Providence St. John Berchmans Apartments, LLC</u>	<u>Providence St. Bakhta Apartments, LLC</u>	<u>Providence SHA</u>	<u>Lafitte Redevelop- ment, LLC</u>	<u>Providence Enterprise Orleans, LLC</u>	<u>Total</u>	<u>Eliminating Reclass- ification</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 294,313	\$ 1,562,491	\$ 0	\$ 1,562,491
0	0	0	3,693,230	0	9,194,172	0	9,194,172
0	0	83,924	0	0	471,977	83,924	388,053
0	0	0	0	0	125,000	0	125,000
0	0	0	0	0	170,970	0	170,970
0	0	0	0	0	83,129	0	83,129
0	0	10	0	0	1,101	0	1,101
(25)	(38)	0	0	0	(169)	0	(169)
0	0	0	0	0	314,140	0	314,140
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>284,512</u>	<u>0</u>	<u>284,512</u>
<u>(25)</u>	<u>(38)</u>	<u>83,934</u>	<u>3,693,230</u>	<u>294,313</u>	<u>12,207,323</u>	<u>83,924</u>	<u>12,123,399</u>
0	0	0	6,018,284	299,710	6,601,173	0	6,601,173
0	0	0	0	0	1,797,373	0	1,797,373
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,449,283</u>	<u>0</u>	<u>1,449,283</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,018,284</u>	<u>299,710</u>	<u>9,847,829</u>	<u>0</u>	<u>9,847,829</u>
0	0	10	0	0	120,423	0	120,423
0	0	0	0	0	32,351	0	32,351
<u>0</u>	<u>0</u>	<u>83,924</u>	<u>0</u>	<u>0</u>	<u>83,924</u>	<u>83,924</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>83,934</u>	<u>0</u>	<u>0</u>	<u>236,698</u>	<u>83,924</u>	<u>152,774</u>
<u>0</u>	<u>0</u>	<u>83,934</u>	<u>6,018,284</u>	<u>299,710</u>	<u>10,084,527</u>	<u>83,924</u>	<u>10,000,603</u>
(25)	(38)	0	(2,325,084)	(5,397)	2,122,796	0	2,122,796
0	0	0	1,162,527	1	1,162,528	0	1,162,528
(30)	(328)	0	1,162,527	0	8,816,774	0	8,816,774
<u>\$(55)</u>	<u>\$(966)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(5,396)</u>	<u>\$12,102,098</u>	<u>\$ 0</u>	<u>\$12,102,098</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
COMBINING SCHEDULE OF ACTIVITIES
(Continued)
DECEMBER 31, 2009

	<u>Providence Community Housing, Inc.</u>	<u>Providence Annunciation Inn Apartments, LLC</u>	<u>Providence Delille Inn Apartments, LLC</u>	<u>Providence Nazarath Inn I, LLC</u>
REVENUE AND SUPPORT				
Individual/business contributions	\$ 22,550	\$ 0	\$ 0	\$ 0
Grants	1,354,471	0	0	0
Interest	310,242	0	0	0
Donated services	125,000	0	0	0
Development fees	3,977,242	0	0	0
Rents	84,250	0	0	0
Miscellaneous	3,998	0	0	0
Partnership income/(loss)	<u>0</u>	<u>(13)</u>	<u>(14)</u>	<u>(88)</u>
Total Revenue and Support	<u>5,877,753</u>	<u>(13)</u>	<u>(14)</u>	<u>(88)</u>
EXPENSES				
Program Services:				
Community Development	519,469	0	0	0
Home Ownership	1,002,755	0	0	0
Multi-family	<u>4,989,716</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,511,940</u>	<u>0</u>	<u>0</u>	<u>0</u>
Supporting Services:				
Management and general	156,729	0	0	0
Fund-raising	32,787	0	0	0
Guarantee payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>189,516</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>6,701,456</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	(823,703)	(13)	(14)	(88)
Income attributed to non-controlling interest	0	0	0	0
Net Assets - Beginning of Year	<u>8,479,101</u>	<u>(17)</u>	<u>0</u>	<u>0</u>
Net Assets - End of Year	<u>\$7,655,398</u>	<u>\$(30)</u>	<u>\$(14)</u>	<u>\$(88)</u>

Providence Nazareth Inn Apartments II, LLC	Providence St. John Berchmans Apartments, LLC	Providence St. Bakhita Apartments, LLC	Providence 99A	Lafitte Redevelop- ment	Total	Eliminating Reclass- ification	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,550	\$ 0	\$ 22,550
0	0	0	0	2,325,054	3,679,525	0	3,679,525
0	0	0	61,643	0	371,885	(61,643)	310,242
0	0	0	0	0	125,000	0	125,000
0	0	0	2,032,069	0	6,009,311	(2,032,069)	3,977,242
0	0	0	0	0	84,250	0	84,250
0	0	0	0	0	3,998	0	3,998
<u>(33)</u>	<u>(30)</u>	<u>(68)</u>	<u>0</u>	<u>0</u>	<u>(246)</u>	<u>0</u>	<u>(246)</u>
<u>(33)</u>	<u>(30)</u>	<u>(68)</u>	<u>2,093,712</u>	<u>2,325,054</u>	<u>10,226,273</u>	<u>(2,093,712)</u>	<u>8,202,561</u>
0	0	0	0	0	519,469	0	519,469
0	0	0	0	0	1,002,755	0	1,002,755
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,989,716</u>	<u>0</u>	<u>4,989,716</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,511,940</u>	<u>0</u>	<u>6,511,940</u>
0	0	0	0	0	156,729	0	156,729
0	0	0	0	0	32,787	0	32,787
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,093,712</u>	<u>0</u>	<u>2,093,712</u>	<u>(2,093,712)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,093,712</u>	<u>0</u>	<u>2,283,228</u>	<u>(2,093,712)</u>	<u>189,516</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,093,712</u>	<u>0</u>	<u>8,795,168</u>	<u>(2,093,712)</u>	<u>6,701,456</u>
(33)	(30)	(68)	0	2,325,054	1,501,105	0	1,501,105
0	0	0	0	(1,162,527)	(1,162,527)	0	(1,162,527)
<u>(28)</u>	<u>0</u>	<u>(950)</u>	<u>0</u>	<u>0</u>	<u>8,478,196</u>	<u>0</u>	<u>8,478,196</u>
<u>\$(61)</u>	<u>\$(30)</u>	<u>\$(928)</u>	<u>\$ 0</u>	<u>\$1,162,527</u>	<u>\$ 8,816,774</u>	<u>\$ 0</u>	<u>\$8,816,774</u>

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgpcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

**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**

Board of Directors
Providence Community Housing, Inc.
and Subsidiaries
New Orleans, Louisiana

We have audited the consolidated financial statements of Providence Community Housing, Inc. and Subsidiaries (a non-profit organization) (the "Corporation") as of and for the year ended December 31, 2010, and have issued our report thereon dated July 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2010-01.

This report is intended solely for the information and use of management, the board of directors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paciera, Gautreau & Priest, LLC

July 12, 2011

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3209 RIDGELAKE DRIVE, SUITE 200

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Providence Community Housing, Inc.
and Subsidiaries
New Orleans, Louisiana

Compliance

We have audited Providence Community Housing, Inc. and Subsidiaries' (the "Corporation") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2010. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Corporation'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. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation 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, 2010.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, 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 the Corporation'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paciera, Gautreau & Priest, LLC

July 12, 2011

PROVIDENCE COMMUNITY HOUSING, INC.
 AND SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Home Investment Partnership	14.239	H008-003 H007-011	\$ <u>835,512</u>
Department of Homeland Security Passed through the State of Louisiana			
Alternative Housing Pilot Program	97.087	10.503	\$ <u>4,787,499</u>

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Providence Community Housing, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	The Home Investment Partnership
97.087	Alternative Housing Pilot Program

Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditee qualified as low-risk auditee? Yes No

PROVIDENCE COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
YEAR ENDED DECEMBER 31, 2010

Section II - Financial Statement Findings

2010-01 Financial Report Submission

Condition: Financial statement reporting package to state authorities is late.

Criteria: Internal controls should be present that provide reasonable assurance that all financial reporting be submitted timely.

Effect: The Corporation is not in compliance with their grant agreements because the reporting package to the Louisiana Legislative Auditor is late.

Recommendation: We recommend that the Corporation submit the required reporting package as soon as possible.

Section III - Federal Award Findings and Questioned Costs

None

July 11, 2011

CORRECTIVE ACTION PLAN

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF HOMELAND SECURITY

Providence Community Housing, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2010.

Name and address of independent public accounting firm:

Paciera, Gautreau & Priest, LLC

3209 Ridgelake Drive, Suite 200, Metairie, LA 70002

Audit period: January 1, 2010 to December 31, 2010

The finding from the December 31, 2010 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I, Summary of Auditor's Results; and Section III, Federal Award Findings, and Questioned Costs, of the schedule do not include findings and are not addressed.

II. Financial Statement Findings

Finding No. 2010-01 Financial Report Submission

Recommendation: We recommend that the Corporation submit the required reporting package as soon as possible.

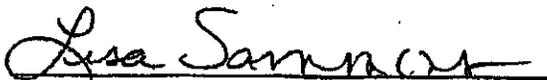
Action taken: Management has requested an extension from the legislative auditor and will be filing the report by July 31, 2011.

If the Department of Housing and Urban Development or the Department of Homeland Security has any questions regarding this plan, please contact Lisa Sammons at (504) 821-7239.

Yours truly,

PROVIDENCE COMMUNITY HOUSING, INC.

By:


Lisa Sammons