

FINANCIAL R E P O R T

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES

DECEMBER 31, 2020 AND 2019

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES

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DECEMBER 31, 2020 AND 2019

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December 17, 2021

To the Board of Directors
Crescent City CLT, Inc.
New Orleans, LA

We have audited the accompanying consolidated financial statements of Crescent City CLT, Inc. (a nonprofit organization) and its wholly-owned subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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 Consolidated Financial Statements

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

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Crescent City CLT I, a wholly-owned subsidiary, which statements reflect total assets of \$1,308,908 as of December 31, 2019 and a total net (loss) \$(71,267), for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Crescent City CLT I, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for 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 consolidated financial statements.

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

Basis for Qualified Opinion

We are unable to obtain audited financial statements to support Crescent City CLT's investment in an LLC in the amount of \$1,308,908 at December 31, 2020 or its equity in the earnings for the year then ended as discussed in Note 6 to the financial statements; nor were we able to obtain sufficient appropriate audit evidence to support the value of the investment or its earnings by other auditing procedures.

Qualified Opinion on 2020

In our opinion, except for the possible effects on the financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Crescent City CLT, Inc. and its wholly owned subsidiaries as of December 31, 2020 and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on 2019

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Crescent City CLT, Inc. and its wholly-owned subsidiaries as of December 31, 2019 and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Duplantier, Chapman, Hogan and Drake, LLP

New Orleans, Louisiana

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>(Restated)</u> <u>2019</u>
ASSETS:		
Cash	\$ 287,072	\$ 142,328
Certificate of deposit	564,915	561,607
Due from third party	58,781	62,608
Due from employees	-	15
Developer fees receivable, net of allowance for uncollectable	-	290,211
Other assets	2,382	3,039
Property and equipment, net of accumulated depreciation	1,111	-
Investment in LLC	1,308,908	1,308,908
Property held for development	828,236	1,618,692
TOTAL ASSETS	\$ 3,051,405	\$ 3,987,408
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 18,221	\$ 25,200
Accrued expenses	-	15,000
Refundable advance	163,621	70,032
Accrued interest	-	58,212
Line of credit	34,101	-
Notes payable	64,062	1,396,404
TOTAL LIABILITIES	280,005	1,564,848
 NET ASSETS:		
Without donor restrictions	2,221,400	1,840,217
With donor restrictions	550,000	582,343
TOTAL NET ASSETS	2,771,400	2,422,560
TOTAL LIABILITIES AND NET ASSETS	\$ 3,051,405	\$ 3,987,408

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Interest income	\$ 3,317	\$ -	\$ 3,317
Other income	2,551	-	2,551
Rental income	11,348	-	11,348
Donations	8,351	-	8,351
Grant income	231,711	-	231,711
Loss on sale of homes			
Sales proceeds	\$246,400	-	
Homebuyer assistance - closing cost	(13,036)	-	
Homebuyer assistance - gift of equity	(16,595)	-	
Cost of homes	<u>(528,086)</u>	-	
	(311,317)	-	(311,317)
Loan and interest forgiveness	1,454,617	-	1,454,617
Loss on investment in LLC	-	-	-
Impairment loss	(287,369)	-	(287,369)
Net assets, released from restrictions	32,343	(32,343)	-
Total revenues and other support	<u>1,145,552</u>	<u>(32,343)</u>	<u>1,113,209</u>
EXPENSES:			
Program services	663,728	-	663,728
General and administrative	100,641	-	100,641
Total expenses	<u>764,369</u>	<u>-</u>	<u>764,369</u>
Change in net assets	381,183	(32,343)	348,840
NET ASSETS, BEGINNING OF YEAR	<u>1,840,217</u>	<u>582,343</u>	<u>2,422,560</u>
NET ASSETS, END OF YEAR	<u>\$ 2,221,400</u>	<u>\$ 550,000</u>	<u>\$ 2,771,400</u>

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Interest income	\$ 2,269	\$ -	\$ 2,269
Other income	6,155	-	6,155
Rental income	14,959	-	14,959
Grant income	180,873	5,000	185,873
Loss on sale of home			
Sales proceeds	\$ 81,868	-	
Homebuyer assistance - gift of equity	(21,520)	-	
Cost of home	<u>(184,195)</u>	-	
	(123,847)	-	(123,847)
Loss on investment in LLC	(71,267)	-	(71,267)
Net assets, released from restrictions	322,657	<u>(322,657)</u>	-
Total revenues and other support	<u>331,799</u>	<u>(317,657)</u>	<u>14,142</u>
EXPENSES:			
Program services	347,296	-	347,296
General and administrative	<u>120,141</u>	<u>-</u>	<u>120,141</u>
Total expenses	<u>467,437</u>	<u>-</u>	<u>467,437</u>
Change in net assets	(135,638)	(317,657)	(453,295)
NET ASSETS,			
BEGINNING OF YEAR	1,943,094	900,000	2,843,094
Prior Period Adjustment	<u>32,761</u>	<u>-</u>	<u>32,761</u>
NET ASSETS,			
END OF YEAR	<u>\$ 1,840,217</u>	<u>\$ 582,343</u>	<u>\$ 2,422,560</u>

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Expenses:	Program Services	General & Administrative	Total
Bank charges	\$ -	\$ 1,875	\$ 1,875
Bad debt expense	290,211	-	290,211
Depreciation	197	71	268
Insurance	1,913	684	2,597
Interest	5,609	-	5,609
Meals and entertainment	-	257	257
Membership dues and fees	1,608	-	1,608
Miscellaneous	-	-	-
Office supplies	-	1,289	1,289
Postage	86	-	86
Professional fees	42,725	52,219	94,944
Property expenses:			
Consultants	32,734	-	32,734
Insurance	18,921	-	18,921
Repairs and maintenance	137,935	-	137,935
Utilities	6,407	-	6,407
Other	1,147	-	1,147
Rent	3,536	1,264	4,800
Salaries and fringe benefits	117,832	42,114	159,946
Software	-	314	314
Telecommunications	1,550	554	2,104
Travel	1,317	-	1,317
Total expenses	<u>\$ 663,728</u>	<u>\$ 100,641</u>	<u>\$ 764,369</u>

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Expenses:	Program Services	General & Administrative	Total
Bank charges	\$ -	\$ 35	\$ 35
Insurance	2,752	984	3,736
Interest	12,616	-	12,616
Meals and entertainment	-	1,253	1,253
Membership dues and fees	3,074	-	3,074
Miscellaneous	-	585	585
Office supplies	-	1,404	1,404
Postage	110	-	110
Professional fees	39,187	47,895	87,082
Property expenses:			
Consultants	17,657	-	17,657
Insurance	22,815	-	22,815
Repairs and maintenance	39,687	-	39,687
Other	15,985	-	15,985
Rent	3,536	1,264	4,800
Salaries and fringe benefits	183,801	65,691	249,492
Software	-	399	399
Telecommunications	1,765	631	2,396
Travel	4,311	-	4,311
Total expenses	<u>\$ 347,296</u>	<u>\$ 120,141</u>	<u>\$ 467,437</u>

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	(Restated) <u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 348,840	\$ (453,295)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	268	-
Loss (gain) on investment in LLC	-	71,267
Impairment loss	287,369	-
Forgiveness of interest and loan	(1,454,617)	-
Bad debt expense	290,211	-
Loss on homes sold	311,317	123,847
Change in assets and liabilities:		
(Increase) decrease in deposit	-	(400)
Decrease in accounts receivable	-	4,037
(Increase) decrease in due from third party	3,827	(14,847)
(Increase) decrease in due from employees	15	-
(Increase) decrease in developer fees receivable	-	3,832
Decrease in prepaid expenses	657	551
Decrease in accounts payable	(6,979)	(32,486)
Decrease in accrued expenses	(15,000)	-
Decrease in accrued benefits	-	(63,752)
Decrease in accrued payroll liabilities	-	(6,364)
Increase (decrease) in accrued interest	-	12,616
Increase (decrease) in refundable advances	93,589	70,032
Net cash used by operating activities	<u>(140,503)</u>	<u>(284,962)</u>
 Cash flows used by investing activities:		
Interest earned and reinvested in certificate of deposit	(3,308)	(2,204)
Proceeds from notes payable	147,934	-
Payment on notes payable	(49,769)	-
Proceeds from sale of property	216,769	60,348
Purchase of property held for development	(25,000)	(102,556)
Purchase of property and equipment	(1,379)	-
Net cash provided (used) by investing activities	<u>285,247</u>	<u>(44,412)</u>
 Net increase (decrease) in cash	144,744	(329,374)
 CASH, BEGINNING OF YEAR	142,328	471,702
CASH, END OF YEAR	<u>\$ 287,072</u>	<u>\$ 142,328</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 5,609</u>	<u>\$ 12,616</u>
Cash paid during the year for taxes	<u>\$ -</u>	<u>\$ -</u>
 NON CASH INVESTING ACTIVITIES:		
Interest earned on and reinvested in certificates of deposit	<u>\$ 3,308</u>	<u>\$ 2,204</u>

See accompanying notes.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

DESCRIPTION OF ORGANIZATION:

Crescent City CLT, Inc. (the “Company”) is a Louisiana not-for-profit corporation located in New Orleans, Louisiana committed to the long-term sustainable renewal of New Orleans. Crescent City CLT, Inc. serves as a bridge between resources, partnership, and projects for developing permanently affordable residential and commercial real estate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidated Financial Statements:

The consolidated financial statements include accounts of the Company and its wholly owned subsidiaries, Crescent City CLT I, LLC and 3300 LaSalle Street, LLC. All material intercompany transactions have been eliminated in the consolidation.

Crescent City CLT I, LLC is a limited liability corporation formed for the purpose of investing in the development of an apartment complex in New Orleans, Louisiana. Crescent City CLT I, LLC began operating in 2015. 3300 LaSalle Street, LLC is a limited liability corporation formed for the purpose of acquiring and developing property. Operations began in July 2017.

Basis of Presentation:

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Company’s statements are presented in accordance with the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Net asset classes are reported in one of two net asset classes – with donor restrictions and without donor restrictions. Net assets – without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets – with donor restrictions is limited by donor-imposed time and/or purpose restrictions. At December 31, 2020 and 2019, the Company had \$550,000 and \$582,343, respectively, in net assets with donor restrictions.

Statement of Cash Flows:

For purposes of the consolidated statement of cash flows, Crescent City CLT, Inc. considers all short-term, highly-liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

CRESCENT CITY CLT, INC.
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted. The expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of time spent performing those functions.

Contributions:

The Company receives grant revenues which management has determined are contributions in accordance with FASB ASU No. 2018-08. The Company recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions – 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. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Investments:

Investments in certificates of deposit with readily determinable fair values are stated at fair market value. The investment in LLC is accounted for on the equity method of accounting (cost, adjusted for the income or loss of the LLC).

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, which is 3 years for property and equipment. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The Company maintains a threshold level of \$1,000 or more for capitalized property and equipment.

CRESCENT CITY CLT, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property Held for Development:

Property held for development is initially recorded at cost plus the cost of improvements. Yearly the property is reviewed for any impairment. Donated property is recorded at fair value on the date of donation.

Use of Estimates:

The preparation of consolidated financial statements in conformity with 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.

Valuation of Investments:

The Company reviews its investment in LLC for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable.

New Accounting Pronouncements:

Beginning January 1, 2019, Crescent City CLT, Inc. adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information amount not-for-profit entities. A footnote on the change in accounting principle has been added to the financial statements.

The Company also adopted FASB's ASC Topic 606, *Revenue from Contracts with Customers*, (ASC 606), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope, and has concluded that no changes are necessary to conform to the new standard.

CRESCENT CITY CLT, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. ECONOMIC DEPENDENCY:

The primary sources of revenue for Crescent City CLT, Inc. are grants provided through various funding agencies. The continued success of Crescent City CLT, Inc. is dependent upon the renewal of these grants and obtaining other grants and funding sources.

The administration of the programs and activities funded by grants are under the control and administration of Crescent City CLT, Inc. and are subject to audit and/or review by the application of funding source. Any grant funds not found to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

3. INCOME TAXES:

Crescent City CLT, Inc. is a tax-exempt organization under section 501(C)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying consolidated financial statements. Crescent City CLT I, LLC and 3300 LaSalle Street, LLC were formed as limited liability corporations. Since Crescent City CLT I, LLC and 3300 LaSalle Street, LLC are wholly-owned by Crescent City CLT, Inc., the net income of Crescent City CLT I, LLC and 3300 LaSalle Street, LLC are included in the Crescent City CLT, Inc.'s exempt income tax return and is also exempt from federal and State of Louisiana income tax to the extent of any unrelated business tax required.

Crescent City CLT, Inc., Crescent City CLT I, LLC, and 3300 LaSalle Street, LLC believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

The Organization's Federal Return of Organization Exempt from Income Tax (990) for 2019, 2018, and 2017 are subject to examination by the IRS, generally, for three years after they were filed.

4. CERTIFICATE OF DEPOSIT:

On November 2, 2015, Crescent City CLT, Inc. purchased an \$850,000 certificate of deposit with a maturity date of November 2, 2020 and an interest rate of .4%. The CD was opened as part of a reserve required by a grant from the Greater New Orleans Foundation to be invested in the Crescent City Futures Fund. On November 6, 2015 Crescent City CLT granted a security interest in the \$850,000 certificate of deposit to perfect the security interest of Iberia Bank, lender for the Pythian Project. The Pythian Project is reported in GCE 234. The security interest will stay in force to ensure full and timely payment of the loans with Iberia Bank in conjunction with the Pythian Project. During the year ended December 31, 2018, Iberia Bank released \$300,000 of the CD which was then liquidated. The remaining balance in the CD in the amount of \$550,000 was renewed for an additional year and matures November 2, 2021. The balance on the CD was \$564,915 and \$561,607 as of December 31, 2020 and 2019, respectively, of which \$550,000 is restricted due to the security interest with Iberia Bank with the remaining balance unrestricted.

CRESCENT CITY CLT, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. FAIR VALUE MEASUREMENTS:

In accordance with FASB ASC Topic 820, fair value is defined as the price that Crescent City CLT, Inc. would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Codification 820-10 are described below:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The certificate of deposit in the amount of \$564,915 and \$561,607, as of December 31, 2020 and 2019, respectively, is considered Level 2 investments on the fair value hierarchy. The Company uses the cash surrender value as a practical way of estimating fair value.

The method described above may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Crescent City CLT, Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used as of December 31, 2020 and 2019.

6. INVESTMENT IN LLC:

Crescent City CLT I, Inc. (a wholly-owned subsidiary) has a minority interest in GCE 234 Loyola Leveraged Lender, LLC, which is a leveraged lender for the development of an apartment complex in New Orleans, Louisiana. The investment is valued at the equity method

CRESCENT CITY CLT, INC.
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6. INVESTMENT IN LLC: (Continued)

based on Crescent City CLT I, Inc.'s ownership percentage in GCE 234 Loyola Leveraged Lender, LLC. The investment balance was \$1,308,908 and \$1,308,908 at December 31, 2020 and 2019, respectively. Changes in the investment due to earnings was not reported in the statement of activities for the year ended December 21, 2020 since the information was not available. The effect on net assets and the investment value is not known. During the year ended December 31, 2019 the earnings on the investment was a loss of \$71,267 which was reported in the statement of activities.

7. PROPERTY HELD FOR DEVELOPMENT:

During the year ended December 31, 2017, Crescent City CLT, Inc. received the transfer of 10 single-family community land trust houses located in the 9th ward of New Orleans, Louisiana. The value of the property was \$1,425,709 at the time of the transfer. Crescent City CLT, Inc. will manage and develop the property for eventual sale. During the years ended December 31, 2020 and 2019, the Company sold four and one properties, respectively, for total sales proceeds of \$246,400 and \$81,868, respectively. During 2020, management evaluated the carrying values of the remaining properties and determined the values had declined when compared to similar assets in the market; see note 17. The carrying value of the remaining land trust home properties as of December 31, 2020 and 2019 was \$520,000 and \$1,335,456, respectively.

With the transfer, the Company assumed a promissory note in the amount of \$1,396,404, and interest in the amount of \$29,305. The original loan was to finance predevelopment and construction loans in connection with the development of affordable, single-family homes. (See also Note 9)

3300 LaSalle, LLC, a wholly-owned subsidiary of Crescent City CLT, Inc., purchased the vacant lot located at 3300 LaSalle Street, New Orleans, Louisiana for commercial development. The value of the lot as of December 31, 2020 and 2019 was \$142,510.

During the year ended December 31, 2019, Crescent City CLT, Inc. invested \$25,000 in the Broadmoor Improvement Association with an additional \$25,000 being invested during the year ended December 31, 2020. The investment consist of seven parcels of undeveloped real properties. Single and multi-family homes will be built on each site. Three of these homes will be sold to CCCLT who will then sell as community land trust homes at 80% of the average median income. The value of this property at December 31, 2020 and 2019 was \$50,000 and \$25,000, respectively.

During the year ended December 31, 2018 Crescent City CLT, Inc. and Vaucresson Creole Investment LLC formed 1800 Onzaga, LLC. The purpose of 1800 Onzaga, LLC is to own and lease commercial rental property located at 1812 Onzaga Street in addition to constructing and developing one multi-use project located at 1800 St. Bernard Avenue and two residential rental

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7. PROPERTY HELD FOR DEVELOPMENT: (Continued)

units at 1802 St. Bernard Avenue and 1804 St. Bernard Avenue. In 2019, Crescent City CLT, Inc. invested \$50,000 in 1800 Onzaga, LLC. The investment provided pre-development funding to rehabilitate the building located at 1812 Onzaga which will reopen as commercial property.

There is no formal commitment for additional funding. 1800 Onzaga, LLC entered into a contract with a project manager to manage and oversee the rehabilitation of the project. The value of CCCLT's investment in 1800 Onzaga, LLC was \$50,000 for each of the years ended December 31, 2020 and 2019.

During the year ended December 31, 2017, Crescent City CLT purchased 3 vacant lots from Harmony Neighborhood Development, Inc. for development. During the year ended December 31, 2018, Crescent City CLT purchased an additional property for development. Per the agreement between Crescent City CLT and NORA the properties must be developed as single family homes and sold to qualified households which consist of buyers who must have household income that does not exceed 120% of the area median income at the time of sale. The properties were to be developed within 3 years of the transfer date and cannot be leased. CCCLT's time table for development which is expected to be complete by the end of 2022. The value of these properties was \$65,726 for each of the years ended December 31, 2020 and 2019.

8. DUE FROM THIRD PARTY:

During the year ended December 2018, Crescent City CLT entered into a memorandum of agreement with Vance A. Vaucresson to act as fiscal agent for the rehabilitation of a building referred to as 1800 Onzaga. As fiscal agent, Crescent City CLT will pay expenses associated with the rehabilitation project and be reimbursed by Vance A. Vaucresson (third party). During the year ended December 31, 2020 and 2019 CCCLT paid \$28,577 and \$77,847, respectively, in expenses associated with the project. As of December 31, 2020 and 2019, the amount due from third party is \$58,781 and \$62,608, respectively.

9. NOTES PAYABLE/LINE OF CREDIT:

Crescent City CLT assumed a promissory note in the amount of \$1,396,404, with accrued interest of \$29,305 upon the acceptance of the transfer of 10 single family Community Land Trust homes located in the ninth ward of New Orleans, La. The loan accrued interest at 1.00% and was payable in one installment on October 31, 2022. Community land trust houses collateralize the loan. During the year ended December 31, 2020, the loan balance of \$1,396,404 and accrued interest in the amount of \$58,213 were forgiven by the lender. The loan balance as of December 31, 2020 and 2019 was \$-0- and \$1,396,404, respectively.

During the year ended December 31, 2020, Crescent City CLT entered into a promissory note for a loan in the amount of \$100,000. The loan has an interest rate of 6% with a term

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9. NOTES PAYABLE/LINE OF CREDIT: (Continued)

beginning January 10, 2020 and maturing December 31, 2023. Twelve monthly interest payments in the amount of \$500 began on February 1, 2020 followed by 36 principal and interest payments in the amount of \$3,042. The balance on the loan at December 31, 2020 was \$64,062.

During the year ended December 31, 2020, Crescent City CLT has a line of credit with a limit of \$50,000. The line of credit has an interest rate of 8% with a term beginning August 19, 2020 and maturing August 14, 2022. The balance on the line of credit was \$34,101 at December 31, 2020.

During the year ended December 31, 2020, Crescent City CLT has a second line of credit with a limit of \$75,000. The line of credit has an interest rate of 5% with a term beginning August 14, 2020 with no stated maturity date. During the year ended December 31, 2020, Crescent City CLT did not drawdown any funds on the line of credit.

Interest expense recognized on the long-term debt was \$5,609 and \$12,616 for the years ended December 31, 2020 and 2019, respectively.

Maturities of long-term debt for the next five years are as follows:

2021	\$ 31,359
2022	66,804
Total	<u>\$ 98,163</u>

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Stabilizing Neighborhood Initiative	\$ 550,000	\$ 550,000
L9 Program	-	32,343
Total Net Assets with donor restrictions	<u>\$ 550,000</u>	<u>\$ 582,343</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose. During the year ended December 31, 2020 net assets released from restrictions was \$32,343.

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10. NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

During the year ended December 31, 2019 net assets released from restrictions was \$322,657. In addition to the \$22,657 released from restrictions an additional \$300,000 was released from the \$850,000 certificate of deposit from the Greater New Orleans Foundation's Stabilizing Neighborhood Initiative program (GNOF). The funds from GNOF are to be used in securing and developing permanently affordable real estate in the Lower 9th Ward, the 7th Ward, Broadmoor and Central City neighborhoods of New Orleans. As developer fees, profits or short-term loans affiliated with these projects are paid to Crescent City CLT, GNOF expects Crescent City CLT to reinvest these funds in these same types of properties.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Crescent City CLT manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Crescent City CLT's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts available include donor-restricted amounts that are available for general expenditures in the following year.

	<u>2020</u>	<u>2019</u>
Financial assets, at year end:		
Cash	\$ 287,072	\$ 142,328
Certificate of deposit	<u>564,915</u>	<u>561,607</u>
Total financial assets at year end	851,987	703,935
Less contracted or donor-imposed restrictions:		
Total contractual or donor-imposed restrictions	<u>550,000</u>	<u>582,343</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 301,987</u>	<u>\$ 121,592</u>

12. CONCENTRATIONS OF CREDIT RISK:

Crescent City CLT maintains its cash deposits in one financial institution and a certificate of deposit in another financial institution, which at times during the year exceeded the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2020 and 2019, the Company exceeded federally insured limits by \$314,915 and \$312,659, respectively, on the certificate of deposit and by \$40,014 and \$-0-, respectively for the cash balances.

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13. REFUNDABLE ADVANCE:

Crescent City CLT's revenue derived from grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Company has incurred expenses in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

During the years ended December 31, 2020 and 2019, Crescent City CLT received conditional grant funds from various sources. The refundable advance balances as of December 31, 2020 and 2019 were as follows.

	2020	2019
Ford Foundation	\$ 113,621	\$ 20,032
JP Morgan Chase	50,000	-
Capital One	-	50,000
Total	\$ 163,621	\$ 70,032

14. DEVELOPER FEE:

In November 2015, Crescent City CLT entered into a Development Agreement for the development and rehabilitation of a certified historic structure located at 234 Loyola Avenue in New Orleans, Louisiana. As of December 31, 2020 and 2019, Crescent City CLT had a receivable in the amount of \$290,211 and \$290,211, respectively, for developer fees earned and unpaid. During the year ended December 31, 2020, Crescent City CLT established an allowance in the amount of \$290,211 for uncollected accounts related to the developer fee receivable in the event that the fees are not paid. As of December 31, 2020 and 2019, the net receivable from developer fees is \$-0- and \$290,211 respectively.

15. RENTAL INCOME:

Crescent City CLT investment in the L-9 property is available for rent prior to sale. In addition, Crescent City CLT receives land rental on L-9 homes sold. During 2020 and 2019, two units were leased. Rental income per unit varies between \$500 - 800 per month. The company leases these properties on a monthly basis. One of the leased properties was sold to the tenant in April 2020.

As part of the sale of the properties, Crescent City CLT sells the building and improvements but maintains ownership of the land. The land leases carry a 99-year term with a monthly rent in the amount of \$25. There were five land leases in effect at December 31, 2020 and 2019.

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15. RENTAL INCOME: (Continued)

Total rental income for the years ended December 31, 2020 and 2019 was \$11,348 and \$14,959, respectively.

16. EMPLOYEE BENEFITS:

Officers of Crescent City CLT have an employment contract which entitles them to receive a percentage of their salary paid to a retirement savings plan of their choice. The percentage for the years ended December 31, 2020 and 2019 was 4%. The employer contributions for December 31, 2020 and 2019 were \$3,375 and \$5,948, respectively.

17. IMPAIRMENT:

Annually, Crescent City CLT reviews its investment in Crescent City CLT I, LLC and the property held for development for impairment in accordance with ASC 360-10-15, "*Impairment of Disposal of Long-Lived Assets*".

Impairment losses on the investment in Crescent City CLT I, LLC have been recorded in the consolidated statements of activities in prior years. The impairments recorded were based on Crescent City CLT I, LLC's change in ownership percentage of their sole investment, GCE 234 Leveraged Lender upon completion of the wind up of the Historic Tax Credits. There was no impairment loss recorded for the years ended December 31, 2020 and 2019.

During the year ended December 31, 2020, Crescent City CLT evaluated the property held for development for any potential losses expected to incur when the properties are sold. An impairment loss of \$287,369 was recorded during the year ended December 31, 2020. Crescent City CLT calculated the impairment using price of homes sold in subsequent year.

18. CHANGE IN ACCOUNTING PRINCIPLE:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

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18. CHANGE IN ACCOUNTING PRINCIPLE: (Continued)

The change in accounting principle was adopted on a modified prospective basis as of January 1, 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The effect of adopting the new accounting principle was an increase in refundable advances of \$70,032 and a decrease in grant income of \$70,032 during the year ended December 31, 2019.

19. PAYROLL PROTECTION PROGRAM:

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES) that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. On April 15, 2020, the Company received a loan in the amount of \$26,700 through the Small Business Administration (SBA) as part of the Payroll Protection Program (PPP). The loan was provided by Fidelity Bank and was used to cover certain eligible expenses during the pandemic while regular business activity was being interrupted. The loan carried an interest rate of 1% with principal and interest payments to commence 6 months from the date the loan was issued. On April 28, 2021, the SBA notified Crescent City CLT, Inc. that the entire loan had been forgiven, and the Company elected to recognize the proceeds as grant revenue during the year ended December 31, 2020.

20. PRIOR PERIOD ADJUSTMENT/RESTATEMENT:

The accompanying financial statements for the year ended December 31, 2019 have been adjusted to correct for an error in the recording of amounts due from third party. The effect of the adjustment was an increase due from third party by \$47,761, increase to accrued expenses by \$15,000 and an increase to beginning net assets without donor restrictions by \$32,761 for the year ended December 31, 2019.

21. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through December 17, 2021, which is the date the consolidated financial statements were available to be issued.