

SOUTHEASTERN HOUSING AND  
COMMUNITY DEVELOPMENT

CONSOLIDATED FINANCIAL  
AND COMPLIANCE REPORT

YEARS ENDED JUNE 30, 2020 AND 2019



# SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

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## Independent Auditor's Report

To the Board of Directors  
Southeastern Housing and Community Development  
Barnwell, South Carolina

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Southeastern Housing and Community Development (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Housing and Community Development as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position - by property, and activities and changes in net assets - by property are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of Southeastern Housing and Community Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeastern Housing and Community Development's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Housing and Community Development's internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
March 29, 2021

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 611,542	\$ 588,615
Investments, certificate of deposit	253,504	249,093
Accounts receivable, net	168,475	122,758
Grant receivable	28,331	56,079
Prepaid expenses	33,474	33,361
Cost in excess of billings on uncompleted contracts	-	101,077
Total current assets	<u>1,095,326</u>	<u>1,150,983</u>
Property and equipment, net	<u>13,118,217</u>	<u>13,690,278</u>
Properties held for resale	<u>144,596</u>	<u>204,062</u>
Other Assets:		
Reserve for replacements	74,167	64,156
Tenant security deposits, held in trust	167,773	157,955
Accounts receivable	618,267	539,334
Notes receivable	200,000	200,000
Accrued interest receivable	33,707	42,134
Cost in excess of billings on uncompleted contracts	129,710	129,710
Total other assets	<u>1,223,624</u>	<u>1,133,289</u>
Total assets	<u>\$ 15,581,763</u>	<u>\$ 16,178,612</u>

**Liabilities and Net Assets**

Current Liabilities:		
Notes payable, current maturities	\$ 445,523	\$ 2,781,776
Line of credit	336,662	349,796
Accounts payable	48,643	66,272
Accrued liabilities	424,301	304,936
Billings in excess of costs on uncompleted contracts	3,869	-
Deferred contract revenue	28,854	-
Prepaid rents	37,980	42,015
Tenant security deposits	161,490	155,132
Total current liabilities	<u>1,487,322</u>	<u>3,699,927</u>
Notes payable, net of current maturities and unamortized mortgage issuance costs	<u>4,874,225</u>	<u>2,925,044</u>
Total liabilities	<u>6,361,547</u>	<u>6,624,971</u>
Net assets:		
Without donor restrictions	9,151,013	9,380,568
With donor restrictions	69,203	173,073
Total liabilities and net assets	<u>\$ 15,581,763</u>	<u>\$ 16,178,612</u>

*See Notes to Consolidated Financial Statements*

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without donor Restrictions	With donor Restrictions	Total	Without donor Restrictions	With donor Restrictions	Total
Revenue and Other Support:						
Housing assistance payments	\$ 3,095,044	\$ -	\$ 3,095,044	\$ 3,053,184	\$ -	\$ 3,053,184
Rental income, net	1,787,727	-	1,787,727	1,776,514	-	1,776,514
Grant proceeds	-	182,618	182,618	-	249,225	249,225
Interest income	7,389	-	7,389	6,106	-	6,106
Other income:						
Tenant charges	62,852	-	62,852	59,325	-	59,325
Office rental income	19,260	-	19,260	19,260	-	19,260
Gain on sale of property held for resale	91,350	-	91,350	10,033	-	10,033
Construction company income	321,186	-	321,186	246,760	-	246,760
Miscellaneous	302,851	-	302,851	138,082	-	138,082
Net assets released from restrictions	286,488	(286,488)	-	288,297	(288,297)	-
Total revenue and other support	<u>5,974,147</u>	<u>(103,870)</u>	<u>5,870,277</u>	<u>5,597,561</u>	<u>(39,072)</u>	<u>5,558,489</u>
Expenses:						
Program services	5,946,402	-	5,946,402	5,793,647	-	5,793,647
Supporting services	257,300	-	257,300	204,363	-	204,363
Total expenses	<u>6,203,702</u>	<u>-</u>	<u>6,203,702</u>	<u>5,998,010</u>	<u>-</u>	<u>5,998,010</u>
Change in net assets	(229,555)	(103,870)	(333,425)	(400,449)	(39,072)	(439,521)
Net assets, beginning	9,380,568	173,073	9,553,641	9,781,017	212,145	9,993,162
Net asset, ending	<u>\$ 9,151,013</u>	<u>\$ 69,203</u>	<u>\$ 9,220,216</u>	<u>\$ 9,380,568</u>	<u>\$ 173,073</u>	<u>\$ 9,553,641</u>

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services				Total	Supporting	TOTAL
	Property Management	Construction	Home-ownership	Grants		Management and General	
Salaries and benefits	\$ 1,226,646	\$ 5,666	\$ 108,146	\$ 100,715	\$ 1,441,173	\$ 87,864	\$ 1,529,037
Travel	15,352	-	2,425	9,384	27,161	16,276	43,437
Office expenses	66,236	-	1,837	2,471	70,544	28,263	98,807
Professional fees	33,000	-	-	-	33,000	6,459	39,459
Management fees	313,147	-	908	-	314,055	-	314,055
Utilities	739,632	1,061	1,961	70	742,724	-	742,724
Insurance	265,448	18,218	7,960	9,237	300,863	2,491	303,354
Property taxes	18,741	-	10,040	2,732	31,513	-	31,513
Maintenance	1,107,002	384,783	6,912	95,604	1,594,301	7,748	1,602,049
Other expenses	291,773	2,085	21,987	26,280	342,125	89,693	431,818
Total functional expenses before depreciation and interest	<u>4,076,977</u>	<u>411,813</u>	<u>162,176</u>	<u>246,493</u>	<u>4,897,459</u>	<u>238,794</u>	<u>5,136,253</u>
Depreciation	872,033	-	-	733	872,766	-	872,766
Interest	165,154	-	452	-	165,606	18,378	183,984
Interest - amortized mortgage issuance costs	10,571	-	-	-	10,571	128	10,699
Total expenses	<u>\$ 5,124,735</u>	<u>\$ 411,813</u>	<u>\$ 162,628</u>	<u>\$ 247,226</u>	<u>\$ 5,946,402</u>	<u>\$ 257,300</u>	<u>\$ 6,203,702</u>

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program Services				Total	Supporting	TOTAL
	Property Management	Construction	Home-ownership	Grants		Management and General	
Salaries and benefits	\$ 1,298,167	\$ 25,703	\$ 103,315	\$ 101,414	\$ 1,528,599	\$ 54,304	\$ 1,582,903
Travel	21,115	-	3,708	1,923	26,746	24,824	51,570
Office expenses	58,369	-	694	330	59,393	29,961	89,354
Professional fees	24,710	-	-	-	24,710	6,788	31,498
Management fees	322,313	-	908	-	323,221	-	323,221
Utilities	664,249	2,876	5,106	(140)	672,091	-	672,091
Insurance	230,106	18,076	7,146	8,210	263,538	3,004	266,542
Property taxes	14,320	-	24,534	1,528	40,382	-	40,382
Maintenance	1,167,910	229,935	9,122	105,985	1,512,952	6,344	1,519,296
Other expenses	226,117	3,545	21,532	18,083	269,277	76,176	345,453
Total functional expenses before depreciation and interest	<u>4,027,376</u>	<u>280,135</u>	<u>176,065</u>	<u>237,333</u>	<u>4,720,909</u>	<u>201,401</u>	<u>4,922,310</u>
Depreciation	875,203	-	-	305	875,508	-	875,508
Interest	186,134	-	118	-	186,252	2,834	189,086
Interest - amortized mortgage issuance costs	10,978	-	-	-	10,978	128	11,106
Total expenses	<u>\$ 5,099,691</u>	<u>\$ 280,135</u>	<u>\$ 176,183</u>	<u>\$ 237,638</u>	<u>\$ 5,793,647</u>	<u>\$ 204,363</u>	<u>\$ 5,998,010</u>



**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (333,425)	\$ (439,521)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	872,766	875,508
Interest - mortgage issuance costs	10,699	11,106
Gain on sale of properties held for resale	(90,950)	(10,033)
Gain on disposal of property and equipment	(5,078)	(500)
(Increase) decrease in:		
Accounts receivable	(124,650)	11,406
Note receivable	-	811
Grant receivable	27,748	(40,383)
Prepaid expenses	(113)	5,251
Cost in excess of billings on uncompleted contracts	101,077	56,876
Accrued interest receivable	8,427	8,427
Increase (decrease) in:		
Accounts payable	(17,629)	(49,698)
Accrued liabilities	119,365	142,716
Deferred contract revenue	28,854	-
Billings in excess of costs on uncompleted contracts	3,869	-
Prepaid rents	(4,035)	(3,385)
Tenant security deposits	6,358	4,751
Net cash provided by operating activities	<u>603,283</u>	<u>573,332</u>
Cash flows from investing activities:		
Purchase of property and equipment	(310,127)	(414,828)
Proceeds from sale of property and equipment	14,500	500
Purchase of properties held for resale	(157,058)	(218,404)
Proceeds from sale of properties held for resale	307,474	422,438
Purchase of investments	(4,411)	(3,013)
Net cash used in investing activities	<u>(149,622)</u>	<u>(213,307)</u>
Cash flows from financing activities:		
Line of credit, net	(13,134)	299,796
Payments on notes payable	(573,771)	(638,835)
Notes payable proceeds	176,000	104,000
Net cash used in financing activities	<u>(410,905)</u>	<u>(235,039)</u>
Increase in cash, cash equivalents and restricted cash	42,756	124,986
Cash, cash equivalents and restricted cash - beginning	810,726	685,740
Cash, cash equivalents and restricted cash - ending	<u>\$ 853,482</u>	<u>\$ 810,726</u>
Reconciliation of cash, cash equivalents and restricted cash reported on the balance sheets to cash, cash equivalents and restricted cash shown above:		
Cash and cash equivalents	\$ 611,542	\$ 588,615
Restricted deposits and funded reserves	241,940	222,111
	<u>\$ 853,482</u>	<u>\$ 810,726</u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u>\$ 173,591</u>	<u>\$ 177,874</u>

*See Notes to Consolidated Financial Statements*

## **SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**

### **Notes to Consolidated Financial Statements**

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Organization**

Southeastern Housing and Community Development was organized as a not-for-profit corporation that provides rental housing to low and moderate income tenants. In September of 2016, Southeastern Housing Foundation amended and restated its bylaws and this included changing its name to Southeastern Housing and Community Development. Southeastern Housing and Community Development also expanded its mission to include engaging in meaningful, sustainable community development and community economic development. Southeastern Housing and Community Development owns and operates apartment complexes and single-family homes located in the Southeastern area of South Carolina. Through its homeownership program, Southeastern Housing and Community Development purchases single-family properties in need of repair, renovates them, and sells them to first-time homebuyers. Southeastern Construction and Development, LLC was formed in October 2003 as a limited liability company for the purpose of development and construction of low and moderate income housing.

##### **Basis of Presentation**

The consolidated financial statements include the accounts of Southeastern Housing and Community Development and its wholly-owned subsidiary, Southeastern Construction and Development, LLC, collectively referred to as the "Organization." All material inter-company transactions have been eliminated.

A summary of the Organization's significant accounting policies follows:

##### **Cash, Cash Equivalents, Restricted Cash and Funded Reserves**

For purposes of reporting the statements of cash flows, the Organization includes all cash investments and certificates of deposit with a maturity of three months or less as cash, cash equivalents, restricted cash and funded reserves. Restricted cash includes reserves, tax and insurance escrow accounts and tenant security deposits.

##### **Receivables**

The Organization records accounts receivable at total unpaid balances for unpaid rent from tenants, net of any allowance for doubtful accounts, which approximates estimated fair value as of June 30, 2020. The Organization determines past due status of individual receivables based on the contractual terms. Receivables that management believes to be ultimately not collectible are written off upon such determination. The Organization determines its allowance based on the dollar amount of the accounts older than 60 days. At June 30, 2020 and 2019, management established an allowance for doubtful accounts of \$25,161 and \$6,749, respectively.

##### **Construction Revenue and Cost Recognition**

Construction revenues and costs are recorded on the completed-contract method. This method is used because the contractor primarily performs short-term contracts and the financial position and results do not vary significantly from those that would result using the percentage-of-completion method. Furthermore, all material contracts completed are inter-company activity and any material profits are eliminated.

## **SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**

### **Notes to Consolidated Financial Statements**

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Construction Revenue and Cost Recognition (Continued)**

Contract costs include all direct and material labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Costs in excess of amounts billed are classified as current assets under costs in excess of billings on uncompleted contracts. Uncompleted contracts related to the Neighborhood Initiative Program are not classified as current due to the related litigation as discussed in Note Q. Costs in excess of amounts billed on uncompleted contracts related to the Neighborhood Initiative Program are \$129,710 and \$129,710 for June 30, 2020 and 2019, respectively. Billings in excess of costs are classified under current liabilities as billings in excess of costs on uncompleted contracts. Billings in excess of costs on uncompleted contracts related to the Neighborhood Initiative Program are \$3,869 and \$0 for June 30, 2020 and 2019, respectively.

##### **Property and Equipment**

Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 years for equipment to 30 years for buildings. The Organization has established a capitalization threshold of \$5,000. All equipment purchases below this threshold are expensed in the period incurred and reflected as expense. Also, included in property and equipment is construction in process, which represents renovation projects in process, and is stated at cost.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

##### **Properties Held for Resale**

Inventory of properties held for resale consists of single family homes acquired through state grants, donations or mortgages. Inventory of the properties held for resale are recorded at the lower of cost, net realizable value or donated value.

##### **Mortgage Issuance Costs**

Mortgage issuance costs, net of accumulated amortization, are reported as a contra-liability of the obligation to which such costs relate. Amortization of mortgage issuance costs is reported as a component of interest expense and is computed using the straight-line method over the life of the loan. Accounting principles generally accepted in the United States of America require that the interest method be used for amortizing mortgage issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended June 30, 2020 and 2019.

##### **Functional Expenses**

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their nature and expenditure classification.

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Estimates**

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

##### **Investments**

Investments are recorded at fair market value with increases and decreases recognized in the period in which they occur. Fair market value is based on quoted market prices.

Investment income or loss (including realized or unrealized gains and losses on investments and interest and dividends) is included in the change in unrestricted net assets unless the donor restricts the income or loss. Realized gains and losses are determined using the specific identification method.

##### **Fair Value Measurement**

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair values for assets and liabilities using one of the following valuation measurements: quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); or significant unobservable inputs (Level 3).

Observable inputs reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity, while unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments are carried on a recurring basis using a Level 1 valuation technique.

##### **Net Assets**

The Organization reports information regarding its financial position and activities based on the existence or absence of external imposed restrictions, according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. Assets accumulated and resources received and expended by the Organization are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Assets (Continued)

Net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to external imposed restrictions.
- *Net Assets with donor restrictions* - Net assets that are subject to external imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

##### Tax Status

The Organization is a not-for-profit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, thus the consolidated financial statements contain no provision for federal or state income taxes. The Organization is not classified as a private foundation.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for 2020 and 2019.

##### Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through March 29, 2021, which is the date the consolidated financial statements were available to be issued.

#### NOTE B - LIQUIDITY AND AVAILABILITY

The Organization has \$808,348 of financial assets available within one year of the balance sheet date to meet each cash needs for general expenditures consisting of cash of \$611,542 and accounts and grants receivable of \$196,806. \$69,203 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain unrestricted cash on hand to meet 30 days of normal project operating expenses, which are, on average, approximately, \$443,353. Normal project operating expenses include all expenses except for depreciation expense and interest - amortized mortgage issuance costs.

The Organization manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can be easily predicted since they are comprised mostly of rent and subsidy receipts. Cash outflows are planned accordingly so as not to exceed those expected inflows.

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT****Notes to Consolidated Financial Statements**

## NOTE C - CASH AND INVESTMENTS

Cash and investments at June 30, 2020 and 2019 consisted of:

	<u>2020</u>	<u>2019</u>
First Citizens Bank - unrestricted:		
Cash - Property Management	\$ 268,520	\$ 99,829
Cash - Deer Run Apartments *	15,663	8,849
Cash - Southeastern Construction and Development, LLC	424	10,797
Cash - IDA	138,539	148,727
Cash - Homeownership	15,631	113,590
Cash - Grants	4,983	12,685
Cash - Supportive Services	21,076	17,573
Cash - Savings Accounts	146,706	176,565
Total cash and cash equivalents	<u>\$ 611,542</u>	<u>\$ 588,615</u>
Unrestricted Investments:		
Certificate of Deposit - Home Federal Savings and Loan, matures April 2021 at 0.75%	<u>\$ 253,504</u>	<u>\$ 249,093</u>
Restricted Cash and Investments:		
Security Deposits	\$ 94,041	\$ 84,926
Security Deposits - Deer Run Apartments *	19,013	19,240
Certificate of Deposit - Home Federal Savings and Loan, matures April 2021 at 0.75%	54,719	53,789
Total restricted cash and investments	<u>\$ 167,773</u>	<u>\$ 157,955</u>
Reserve for Replacements:		
Savings Fund - Deer Run Apartments *	<u>\$ 74,167</u>	<u>\$ 64,156</u>

\* Required separate account by USDA Rural Development

## NOTE D - ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Current:		
Tenants	\$ 108,618	\$ 68,117
Less: allowance for doubtful accounts	<u>(25,161)</u>	<u>(6,749)</u>
Total tenants	83,457	61,368
Other	85,021	61,390
Net accounts receivable, current portion	<u>\$ 168,478</u>	<u>\$ 122,758</u>
Non-Current:		
Williston Elderly Apartments, LP	\$ 49,364	\$ 50,544
Colony West Apartments, LP	568,903	488,790
Net accounts receivable, non current portion	<u>\$ 618,267</u>	<u>\$ 539,334</u>

The non-current accounts receivable represent monies advanced to low income housing tax credit limited partnerships. These unsecured advances are to be repaid from operating cash flow and are not expected to be repaid in the next 12 months.

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Notes to Consolidated Financial Statements**

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NOTE D - ACCOUNTS AND GRANTS RECEIVABLE (Continued)

Grant receivable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Grant receivable - Owner Occupied Rehab Block Grant	\$ 19,533	\$ 45,175
Grant receivable - HUD Housing Counseling Grant	8,798	-
Grant receivable - Healthy Eating Grant	-	2,500
Grant receivable - USDA RBDG	-	8,404
	<u>\$ 28,331</u>	<u>\$ 56,079</u>

NOTE E - UNCOMPLETED CONTRACTS

Costs and billings on uncompleted contracts are summarized as follows:

	<u>2020</u>	<u>2019</u>
Costs incurred on uncompleted contracts	\$ 213,841	\$ 406,630
Less billings to date	88,000	175,843
	<u>\$ 125,841</u>	<u>\$ 230,787</u>

Included in the accompanying balance sheet as detailed below:

	<u>2020</u>	<u>2019</u>
Costs in excess of billings on uncompleted contracts, current	\$ -	\$ 101,077
Costs in excess of billings on uncompleted contracts, noncurrent	129,710	129,710
	<u>129,710</u>	<u>230,787</u>
Billings in excess of costs on uncompleted contracts	3,869	-
	<u>\$ 125,841</u>	<u>\$ 230,787</u>

NOTE F - NOTES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Note receivable, Colony West Apartments of Barnwell, L.P., balloon payment due December 31, 2024, noninterest bearing as of June 30, 2013, secured by a secondary mortgage on improved real estate located in Barnwell, South Carolina.	\$ 200,000	\$ 200,000
Accrued interest on Colony West note at June 30, 2020 and 2019.	\$ 33,707	\$ 42,134

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Notes to Consolidated Financial Statements**

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019, consisted of the following:

	<b>2020</b>			
	Beginning Balances	Increases	Decreases	Ending Balances
Assets not being depreciated:				
Land	\$ 1,753,713	\$ 4,475	\$ -	\$ 1,758,188
Construction in progress	220,185	23,100	155,285	88,000
	<u>1,973,898</u>	<u>\$ 27,575</u>	<u>\$ 155,285</u>	<u>1,846,188</u>
Assets being depreciated:				
Buildings and improvement	25,220,497	\$ 379,720	\$ -	25,600,217
Furniture and equipment	378,393	58,117	25,700	410,810
Land improvements	10,055	-	-	10,055
Vehicles	36,112	-	-	36,112
	<u>25,645,057</u>	<u>\$ 437,837</u>	<u>\$ 25,700</u>	<u>26,057,194</u>
Accumulated depreciation	13,928,677	\$ 872,766	\$ 16,278	14,785,165
	<u>11,716,380</u>			<u>11,272,029</u>
Total property and equipment, net	<u>\$ 13,690,278</u>			<u>\$ 13,118,217</u>
	<b>2019</b>			
	Beginning Balances	Increases	Decreases	Ending Balances
Assets not being depreciated:				
Land	\$ 1,732,059	\$ 21,654	\$ -	\$ 1,753,713
Construction in progress	95,726	124,459	-	220,185
	<u>1,827,785</u>	<u>\$ 146,113</u>	<u>\$ -</u>	<u>1,973,898</u>
Assets being depreciated:				
Buildings and improvement	25,062,776	\$ 157,721	\$ -	25,220,497
Furniture and equipment	272,621	105,772	-	378,393
Land improvements	10,055	-	-	10,055
Vehicles	37,890	5,222	7,000	36,112
	<u>25,383,342</u>	<u>\$ 268,715</u>	<u>\$ 7,000</u>	<u>25,645,057</u>
Accumulated depreciation	13,060,169	\$ 875,508	\$ 7,000	13,928,677
	<u>12,323,173</u>			<u>11,716,380</u>
Total property and equipment, net	<u>\$ 14,150,958</u>			<u>\$ 13,690,278</u>



**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT****Notes to Consolidated Financial Statements**

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## NOTE H - ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Vendors payable	\$ 8,131	\$ 19,391
A/P - SC Region #3	40,512	46,881
	<u>\$ 48,643</u>	<u>\$ 66,272</u>

## NOTE I - ACCRUED LIABILITIES

Accrued liabilities consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accrued wages/payroll taxes payable	\$ 34,979	\$ 24,001
Accrued management fees payable - SC Region #3	245,703	156,893
Accrued compensated absences	133,227	112,830
Accrued interest on notes payable and lines of credit	10,392	11,212
	<u>\$ 424,301</u>	<u>\$ 304,936</u>

## NOTE J - NOTES PAYABLE

Note payable, First Citizens Bank, modified during the year ended June 30, 2020, payable in monthly payments of \$36,991, including interest at 3.25%, due June 5, 2025, and secured by property and improvements, and rents of Springside, Beech Island, Boundary, Oakland, Denmark Gardens, Bamberg Villa, Hampton, West Main, Barnwell Arms, Litchfield Hampton Gardens, Estill Village, Westside Manor, North, Landmark Towers, Branchville, and Holly Hill Apartments.

	<u>2020</u>	<u>2019</u>
	\$ 2,219,444	\$ 2,619,674

Note payable, USDA Rural Development, payable in monthly installments of \$5,474 at 5.75% interest, reduced by monthly interest subsidies of \$3,189, due April 5, 2036, and secured by an apartment complex in Hardeeville, South Carolina.

987,375	996,017
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Note payable, Home Federal Savings Bank, payable in monthly installments of \$458, due April 1, 2025, at 7.174% interest and secured by property and improvements at 187 Capernaum Road, Bamberg, South Carolina and 152 Wisteria Street, Denmark, South Carolina.

19,330	23,289
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Note payable, First Citizens Bank, payable in monthly installments of \$10,350, due March 15, 2022, at 4.0% interest and secured by an apartment complex located in Aiken, South Carolina.

690,234	777,376
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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Notes to Consolidated Financial Statements**

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NOTE J - NOTES PAYABLE (Continued)

	<u>2020</u>	<u>2019</u>
Note payable, First Citizens Bank, payable in monthly installments of \$516, due June 27, 2028, at 4.95% interest and secured by property and improvements at 1228/1232 Jasper Street, Orangeburg, South Carolina.	\$ 40,700	\$ 44,732
Note payable, First Citizens Bank, payable in monthly installments of \$1,778, due November 1, 2028, at 5.0% interest and secured by a deed of trust on property located in Florence, South Carolina.	144,750	159,469
Note payable, Home Federal Savings Bank, payable in monthly installments of \$374, due January 1, 2029, at 5.75% interest and secured by property and improvements at 13416 Charleston Augusta Highway, Denmark, South Carolina.	66,721	32,494
Note payable, Home Federal Savings Bank, payable in monthly installments of \$350, due November 1, 2032, at 4.75% interest and secured by property and improvements located in Bamberg, South Carolina.	39,343	41,615
Note payable, Home Federal Savings Bank, payable in monthly installments of \$822, due February 1, 2034, at 5.00% interest and secured by property and improvements located in Bamberg, South Carolina.	97,576	102,434
Note payable, South State Bank, payable in monthly installments of \$1,028, due October 15, 2024, at 4.05% interest and secured by property and improvements located in Barnwell and Bamberg, South Carolina.	133,508	-
Note payable, HOME Trust Account, payable in monthly installments of \$804, due January 1, 2047, at 1.00% interest and secured by property and improvements located in Blackville, South Carolina.	224,546	231,910
Note payable, HOME Trust Account, 0% interest and forgivable over 20 years, ending January 1, 2037 and secured by property and improvements located in Blackville, South Carolina.	200,000	212,500
Note payable, HOME Trust Account, payable in monthly installments of \$804, due January 1, 2048, at 1.00% interest and secured by property and improvements located in Holly Hill, South Carolina.	231,910	239,201
Note payable, HOME Trust Account, 0% interest and forgivable over 20 years, ending January 1, 2038 and secured by property and improvements located in Holly Hill, South Carolina.	202,600	215,100

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE J - NOTES PAYABLE (Continued)

	<b>2020</b>	2019
Notes payable, South Carolina State Housing Finance and Development Authority ("Authority") at 1% interest. It is the intent of both the Organization and the Authority that these notes be assigned to South Carolina Housing Corporation and modified to 0% interest notes, forgivable over a 3-year period as long as Neighborhood Initiative Program requirements are met. Accordingly, interest has not been accrued. The notes payable that are not assigned and modified are due five years after the execution the note payable. As of June 30, 2020, the notes have not been assigned or modified and will mature at various dates during the year ending June 30, 2021. See Note P.	<b>\$ 77,929</b>	\$ 77,929
	<b>5,375,966</b>	5,773,740
Less current maturities	<b>445,523</b>	2,781,776
	<b>4,930,443</b>	2,991,964
Less mortgage issuance costs, unamortized	<b>56,218</b>	66,920
	<b>\$ 4,874,225</b>	\$ 2,925,044

Current maturities on long-term debt payable, excluding forgivable debt, at June 30, 2020 are as follows:

2021	\$ 445,523
2022	1,074,536
2023	491,120
2024	502,011
2025	612,983
Thereafter	2,249,793
	<b>\$ 5,375,966</b>

Mortgage issuance costs are being amortized to Interest - mortgage issuance costs over the lives of the loans. At June 30, 2020 and 2019, accumulated amortization for mortgage issuance costs was \$110,367 and \$99,668, respectively.

#### NOTE K - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions at June 30, 2020 and 2019 are for the following purposes:

	<b>2020</b>	2019
HOME funds - Bamberg	\$ -	\$ 98,772
Assets For Independence Grant	<b>69,203</b>	74,301
	<b>\$ 69,203</b>	\$ 173,073

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE K - NET ASSETS WITH DONOR RESTRICTION (Continued)

During the year ended June 30, 2015, the Organization received a grant through the Assets For Independence Demonstration Program from the Department of Health and Human Services in the amount of \$100,000 to help promote savings for home ownership and post-secondary education for income qualified individuals. As a part of the grant agreement, the Organization provided matching funds of \$100,000 to support the program. All expenses must be split between federal and matching funds. At least 85% of the federal and matching grant funds must be provided as matching deposits to Individual Development Accounts ("IDA") of eligible individuals selected by the Organization to participate in the program. During the year ended June 30, 2020, the Organization expended \$5,098 of the federal grant funds.

During the year ended June 30, 2014, the Organization received a grant from the Orangeburg County HOME Consortium (the "Consortium") in the amount of \$98,772 for roof replacement at its Bamberg project. As part of the grant agreement, the Organization provided \$50,000 toward the completion of the work. Repayment of the grant is not required as long as the project remains in compliance with HOME requirements during an affordability period of 5 years. The affordability period began November 1, 2014 and ended November 1, 2019. The HOME funds have been recognized as a grant and are included as part of net assets without donor restrictions at June 30, 2020.

#### NOTE L - LINES OF CREDIT

The Organization has two lines of credit with First Citizens Bank, which allow for revolving credit up to \$800,000 and bear interest at 4% at June 30, 2020. The maturity date of the lines of credit is June 15, 2021 at which time any principal and interest will be due. All borrowings are secured by property and improvements of Springside, Beech Island, Boundary, Oakland, Denmark Gardens, Bamberg Villa, Hampton, West Main, Barnwell Arms, Litchfield Hampton Gardens, Estill Village, Westside Manor, North, Landmark Towers, Branchville, University Parkway, and Holly Hill Apartments. At June 30, 2020 and 2019, there were outstanding borrowings of \$336,662 and \$349,796, respectively, on these lines of credit.

#### NOTE M - GRANTS AND FEDERAL FUNDS RECEIVED

Grants awarded during the fiscal years 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Rehab Block Grant - Owner Occupied	\$ 26,856	\$ 44,500
Emergency Repair Grant - Owner Occupied	34,135	49,410
Comprehensive Housing Counseling Grant	39,622	27,901
Rural Business Development Grant	-	98,914
Miscellaneous Grants	82,005	28,500
Total grant revenue	<u>\$ 182,618</u>	<u>\$ 249,225</u>

Section 8 Project-Based Vouchers (MAHRA) Program for Section 8 programs provides for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense.

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Notes to Consolidated Financial Statements**

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NOTE M - GRANTS AND FEDERAL FUNDS RECEIVED (Continued)

HUD contributions for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Section 8 Project-Based Vouchers (MAHRA)	<u>\$ 3,095,044</u>	<u>\$ 3,053,184</u>

Rural Development Loans - In 2006, the Southeastern Housing and Community Development acquired the Deer Run Apartments located in Hardeeville, South Carolina. As part of this acquisition, a note payable, as detailed in Note K, was obtained to provide subsidized acquisition financing under an Interest Credit Agreement. For fiscal years ended June 30, 2020 and 2019, the Rural Development loan's interest subsidy was:

	<u>2020</u>	<u>2019</u>
Interest subsidy	<u>\$ 38,266</u>	<u>\$ 38,266</u>

NOTE N - RELATED PARTY TRANSACTIONS

The Organization contracted with the South Carolina Regional Housing Authority #3 ("Housing Authority"), a South Carolina political subdivision, to manage housing developments owned by the Organization. All such management was conducted pursuant to written contracts. The Housing Authority also provides office space, the cost of which is included in management fees paid to the Housing Authority.

For fiscal years ended June 30, 2020 and 2019, the related party transactions were:

	<u>2020</u>		<u>2019</u>	
	<u>Payable</u>	<u>Expense</u>	<u>Payable</u>	<u>Expense</u>
Management fees	<u>\$ 245,703</u>	<u>\$ 257,300</u>	<u>\$ 156,893</u>	<u>\$ 204,363</u>

The Organization rents office space at its Landmark property to the Housing Authority. Office rental income for the years ended June 30, 2020 and 2019 was \$19,260 and \$19,260, respectively.

The Executive Director of the South Carolina Regional Housing Authority #3 is also the Executive Director of the Southeastern Housing and Community Development. There was no additional compensation paid for this position.

The Organization is the general partner with a .01% equity interest in Williston Elderly Apartments, LP and a .01% equity interest in Colony West Apartments of Barnwell, LP. These limited partnerships were formed to develop low income housing tax credit properties. As of June 30, 2020 and 2019, amounts owed to the Organization from these limited partnerships are as follows:

	<u>2020</u>	<u>2019</u>
Amounts owed to the Organization:		
Accounts receivable	\$ 618,267	\$ 539,334
Notes receivable	200,000	200,000
Accrued interest receivable	33,707	42,134
	<u>\$ 851,974</u>	<u>\$ 781,468</u>

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE O - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization owns various apartment complexes whose operations are concentrated in the multifamily real estate market. In addition, due to their Section 8 contracts, the apartment complexes operate in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD.

#### NOTE P - LITIGATION

During the year ended June 30, 2018, the Organization filed a complaint against South Carolina State Housing Finance and Development Authority and South Carolina Housing Corporation related to the Organization's involvement in the Neighborhood Initiative Program. As of the date the consolidated financial statements were available to be issued, management expects the litigation to proceed to trial. The outcome of the case is not known.

#### NOTE Q - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of activities or net assets.

#### NOTE R - CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

The Organization maintains its cash in financial institutions in the United States, insured by the Federal Deposit Insurance Corporation. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2020, the Organization exceeded these insured amounts by \$606,985.

On March 11, 2020, the World Health Organization characterized an outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. There has been no immediate impact to the Organization's operations. Future potential impacts may include disruptions in operations or other pandemic related issues. The future effects of these issues are unknown.

#### NOTE S - CHANGE IN ACCOUNTING PRINCIPLE

On November 17, 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. The update requires the amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. These amounts were previously presented on the statement of cash flows as operating, investing, and financing cash activities depending on the required or intended purpose for the restricted funds. The Organization has adjusted the presentation of these statements accordingly.

## SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT

### Notes to Consolidated Financial Statements

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#### NOTE S - CHANGE IN ACCOUNTING PRINCIPLE (Continued)

The ASU has been applied retrospectively to all periods presented. The effect of the revisions to net cash flows from operating, investing, and financing activities as previously reported for the year ended June 30, 2019, are as follows:

	Net cash flows from operating activities	Net cash flows from investing activities
As previously reported	\$ 567,894	\$ (223,213)
Adjustments	5,438	9,906
As revised	<u>\$ 573,332</u>	<u>\$ (213,307)</u>

On May 28, 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). On June 3, 2020, FASB issued ASU 2020-05 to extend by one year the effective date of ASU 2014-09, to all nonpublic entities that have not yet issued their financial statements. Therefore, the Organization has chosen to defer implementation of ASU 2014-09 for one year.

**SUPPLEMENTARY INFORMATION**



**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Barnwell Arms	Allendale	Blackville	Branchville	Denmark
<b>Assets</b>					
Cash and cash equivalents	\$ 11,343	\$ 6,105	\$ 12,541	\$ 6,105	\$ 11,802
Due from (to)	766,540	569,450	674,187	(8,763)	440,311
Investments	-	-	-	-	-
Tenant security deposits	8,672	3,373	3,918	2,505	4,376
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	8,842	1,473	5,715	2,977	10,229
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	846,575	327,041	780,787	323,793	800,053
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 1,641,972</u>	<u>\$ 907,442</u>	<u>\$ 1,477,148</u>	<u>\$ 326,617</u>	<u>\$ 1,266,771</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 10,712	\$ 8,326	\$ 6,040	\$ 4,742	\$ 7,476
Accrued liabilities	24,742	2,342	17,733	1,843	20,291
Intercompany payable	-	-	-	-	-
Prepaid rents	2,013	450	1,050	1,308	1,806
Tenant security deposits	8,672	3,373	3,918	2,505	4,376
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	247,025	85,448	527,084	89,665	150,256
Less debt issuance costs, unamortized	(4,835)	(1,673)	(2,007)	(1,755)	(2,941)
Total liabilities	<u>288,329</u>	<u>98,266</u>	<u>553,818</u>	<u>98,308</u>	<u>181,264</u>
Net assets (deficit)	<u>1,353,643</u>	<u>809,176</u>	<u>923,330</u>	<u>228,309</u>	<u>1,085,507</u>
Total liabilities and net assets	<u>\$ 1,641,972</u>	<u>\$ 907,442</u>	<u>\$ 1,477,148</u>	<u>\$ 326,617</u>	<u>\$ 1,266,771</u>
<b>June 30, 2019</b>	Barnwell Arms	Allendale	Blackville	Branchville	Denmark
<b>Assets</b>					
Cash and cash equivalents	\$ 31,797	\$ 4,903	\$ 10,528	\$ 4,903	\$ 10,929
Due from (to)	693,396	557,440	572,677	(24,930)	371,731
Investments	-	-	-	-	-
Tenant security deposits	7,615	3,141	3,302	2,992	4,385
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	1,560	2,494	4,838	2,724	1,553
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	910,244	359,187	815,603	350,722	858,119
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 1,644,612</u>	<u>\$ 927,165</u>	<u>\$ 1,406,948</u>	<u>\$ 336,411</u>	<u>\$ 1,246,717</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 10,816	\$ 5,745	\$ 6,309	\$ 7,309	\$ 5,452
Accrued liabilities	12,221	6,621	7,891	5,378	9,647
Intercompany payable	-	-	-	-	-
Prepaid rents	1,423	572	1,262	1,000	2,898
Tenant security deposits	7,615	3,141	3,302	2,992	4,385
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	291,570	100,857	565,438	105,835	177,352
Less debt issuance costs, unamortized	(5,802)	(2,007)	(2,408)	(2,106)	(3,530)
Total liabilities	<u>317,843</u>	<u>114,929</u>	<u>581,794</u>	<u>120,408</u>	<u>196,204</u>
Net assets (deficit)	<u>1,326,769</u>	<u>812,236</u>	<u>825,154</u>	<u>216,003</u>	<u>1,050,513</u>
Total liabilities and net assets	<u>\$ 1,644,612</u>	<u>\$ 927,165</u>	<u>\$ 1,406,948</u>	<u>\$ 336,411</u>	<u>\$ 1,246,717</u>

*See Independent Auditor's Report*

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Fairfax	Williston	Bamberg	Hampton	Beech Island
<b>Assets</b>					
Cash and cash equivalents	\$ 6,105	\$ 6,549	\$ 10,153	\$ 16,025	\$ 7,001
Due from (to)	467,567	749,845	1,713,530	887,038	(745,108)
Investments	-	-	-	-	-
Tenant security deposits	3,274	5,577	7,686	7,056	10,752
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	1,683	4,763	6,778	17,303	4,296
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	246,093	689,782	1,000,153	746,951	352,738
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 724,722</u>	<u>\$ 1,456,516</u>	<u>\$ 2,738,300</u>	<u>\$ 1,674,373</u>	<u>\$ (370,321)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 4,388	\$ 8,163	\$ 11,797	\$ 11,410	\$ 5,901
Accrued liabilities	2,399	9,416	29,787	26,633	3,931
Intercompany payable	-	-	-	-	-
Prepaid rents	417	1,115	4,514	1,171	8,142
Tenant security deposits	3,274	5,577	7,686	7,056	10,752
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	68,359	102,538	224,830	187,321	138,050
Less debt issuance costs, unamortized	(1,338)	(2,007)	(4,401)	(3,666)	(2,702)
Total liabilities	<u>77,499</u>	<u>124,802</u>	<u>274,213</u>	<u>229,925</u>	<u>164,074</u>
Net assets (deficit)	647,223	1,331,714	2,464,087	1,444,448	(534,395)
Total liabilities and net assets	<u>\$ 724,722</u>	<u>\$ 1,456,516</u>	<u>\$ 2,738,300</u>	<u>\$ 1,674,373</u>	<u>\$ (370,321)</u>
<b>June 30, 2019</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 4,903	\$ 10,342	\$ 20,945	\$ 10,816	\$ 10,614
Due from (to)	433,778	706,861	1,583,436	798,933	(758,889)
Investments	-	-	-	-	-
Tenant security deposits	2,903	4,281	8,098	5,223	10,932
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	1,119	2,317	4,398	3,638	5,154
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	269,600	738,714	1,041,259	807,388	379,061
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 712,303</u>	<u>\$ 1,462,515</u>	<u>\$ 2,658,136</u>	<u>\$ 1,625,998</u>	<u>\$ (353,128)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 6,358	\$ 6,511	\$ 10,036	\$ 10,189	\$ 4,856
Accrued liabilities	6,199	9,661	14,115	13,651	7,254
Intercompany payable	-	-	-	-	-
Prepaid rents	876	1,105	4,689	1,544	9,402
Tenant security deposits	2,903	4,281	8,098	5,223	10,932
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	80,686	121,029	265,373	221,100	162,944
Less debt issuance costs, unamortized	(1,605)	(2,408)	(5,281)	(4,399)	(3,243)
Total liabilities	<u>95,417</u>	<u>140,179</u>	<u>297,030</u>	<u>247,308</u>	<u>192,145</u>
Net assets (deficit)	616,886	1,322,336	2,361,106	1,378,690	(545,273)
Total liabilities and net assets	<u>\$ 712,303</u>	<u>\$ 1,462,515</u>	<u>\$ 2,658,136</u>	<u>\$ 1,625,998</u>	<u>\$ (353,128)</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Holly Hill	North	Estill	Deer Run	Westside Manor
<b>Assets</b>					
Cash and cash equivalents	\$ 15,674	\$ 11,091	\$ 6,105	\$ 15,663	\$ -
Due from (to)	(208,000)	(227,117)	118,855	-	(1,192,622)
Investments	-	-	-	-	-
Tenant security deposits	4,774	3,502	3,866	19,013	-
Reserve for replacements	-	-	-	74,167	-
Accounts receivable, net	7,361	3,683	3,896	9,216	20,609
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	1,992	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	932,706	679,646	403,516	722,401	788,036
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 752,515</u>	<u>\$ 470,805</u>	<u>\$ 536,238</u>	<u>\$ 842,452</u>	<u>\$ (383,977)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 7,774	\$ 6,941	\$ 6,025	\$ 7,895	\$ -
Accrued liabilities	18,908	12,040	12,380	12,370	423
Intercompany payable	-	-	-	388	-
Prepaid rents	864	2,066	2,849	669	-
Tenant security deposits	4,774	3,502	3,866	18,046	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	529,724	96,759	96,768	987,375	162,242
Less debt issuance costs, unamortized	(1,863)	(1,894)	(1,894)	-	(4,435)
Total liabilities	<u>560,181</u>	<u>119,414</u>	<u>119,994</u>	<u>1,026,743</u>	<u>158,230</u>
Net assets (deficit)	<u>192,334</u>	<u>351,391</u>	<u>416,244</u>	<u>(184,291)</u>	<u>(542,207)</u>
Total liabilities and net assets	<u>\$ 752,515</u>	<u>\$ 470,805</u>	<u>\$ 536,238</u>	<u>\$ 842,452</u>	<u>\$ (383,977)</u>
<b>June 30, 2019</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 13,684	\$ 11,552	\$ 4,903	\$ 8,849	\$ -
Due from (to)	(265,358)	(229,935)	75,609	-	(1,195,888)
Investments	-	-	-	-	-
Tenant security deposits	4,830	3,253	4,069	19,240	-
Reserve for replacements	-	-	-	64,156	-
Accounts receivable, net	1,891	1,086	5,067	6,773	9,342
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	776	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	978,569	727,838	437,799	771,591	841,271
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 733,616</u>	<u>\$ 513,794</u>	<u>\$ 527,447</u>	<u>\$ 871,385</u>	<u>\$ (345,275)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 6,643	\$ 6,680	\$ 6,752	\$ 4,704	\$ -
Accrued liabilities	9,533	9,338	8,108	12,970	499
Intercompany payable	(10,000)	-	-	10,255	-
Prepaid rents	720	888	3,096	630	-
Tenant security deposits	4,830	3,253	4,069	19,227	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	566,685	114,208	114,217	996,017	191,498
Less debt issuance costs, unamortized	(2,236)	(2,273)	(2,272)	-	(5,322)
Total liabilities	<u>576,175</u>	<u>132,094</u>	<u>133,970</u>	<u>1,043,803</u>	<u>186,675</u>
Net assets (deficit)	<u>157,441</u>	<u>381,700</u>	<u>393,477</u>	<u>(172,418)</u>	<u>(531,950)</u>
Total liabilities and net assets	<u>\$ 733,616</u>	<u>\$ 513,794</u>	<u>\$ 527,447</u>	<u>\$ 871,385</u>	<u>\$ (345,275)</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Landmark	Single Family	Springside	University Parkway	Briarcliff
<b>Assets</b>					
Cash and cash equivalents	\$ 6,105	\$ -	\$ 7,001	\$ 7,001	\$ -
Due from (to)	(589,417)	(233,904)	(551,849)	(1,371,208)	(96,182)
Investments	-	-	-	-	-
Tenant security deposits	12,910	7,704	23,615	20,225	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	4,373	3,735	4,588	3,996	-
Grant receivable	-	-	-	-	-
Prepaid expenses	-	6,482	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	291,609	658,426	642,656	679,631	70,000
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ (274,420)</u>	<u>\$ 442,443</u>	<u>\$ 126,011</u>	<u>\$ (660,355)</u>	<u>\$ (26,182)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 7,594	\$ 970	\$ 6,457	\$ 8,215	\$ -
Accrued liabilities	12,569	920	21,606	24,872	-
Intercompany payable	-	8,793	-	-	-
Prepaid rents	982	3,040	3,337	1,616	-
Tenant security deposits	12,910	7,704	23,615	20,225	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	-
Notes payable	107,199	330,457	265,232	690,234	-
Less debt issuance costs, unamortized	(2,098)	-	(5,191)	(10,877)	-
Total liabilities	<u>139,156</u>	<u>351,884</u>	<u>315,056</u>	<u>734,285</u>	<u>-</u>
Net assets (deficit)	<u>(413,576)</u>	<u>90,559</u>	<u>(189,045)</u>	<u>(1,394,640)</u>	<u>(26,182)</u>
Total liabilities and net assets	<u>\$ (274,420)</u>	<u>\$ 442,443</u>	<u>\$ 126,011</u>	<u>\$ (660,355)</u>	<u>\$ (26,182)</u>
<b>June 30, 2019</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 4,903	\$ -	\$ 10,672	\$ 10,171	\$ -
Due from (to)	(539,312)	(285,189)	(528,812)	(1,311,336)	(94,448)
Investments	-	-	-	-	-
Tenant security deposits	12,940	6,594	21,575	18,650	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	7,498	2,436	4,088	3,748	-
Grant receivable	-	-	-	-	-
Prepaid expenses	-	6,977	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	-
Property and equipment, net	299,823	625,097	695,561	729,884	70,000
Property held for resale	-	-	-	-	-
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ (214,148)</u>	<u>\$ 355,915</u>	<u>\$ 203,084</u>	<u>\$ (548,883)</u>	<u>\$ (24,448)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 5,198	\$ 2,581	\$ 20,970	\$ 6,035	\$ -
Accrued liabilities	9,990	805	10,897	12,644	-
Intercompany payable	-	11,512	-	-	-
Prepaid rents	2,143	1,627	3,364	3,880	-
Tenant security deposits	12,940	6,594	21,575	18,650	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	50,000	-	-	-
Notes payable	126,530	212,070	313,061	777,376	-
Less debt issuance costs, unamortized	(2,518)	-	(6,230)	(12,509)	-
Total liabilities	<u>154,283</u>	<u>285,189</u>	<u>363,637</u>	<u>806,076</u>	<u>-</u>
Net assets (deficit)	<u>(368,431)</u>	<u>70,726</u>	<u>(160,553)</u>	<u>(1,354,959)</u>	<u>(24,448)</u>
Total liabilities and net assets	<u>\$ (214,148)</u>	<u>\$ 355,915</u>	<u>\$ 203,084</u>	<u>\$ (548,883)</u>	<u>\$ (24,448)</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Black's Drive	Blackville Village	East Ervin	Bridge Street	Home- ownership
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 15,631
Due from (to)	(5,338)	90,354	39,619	(191,223)	-
Investments	-	-	-	-	-
Tenant security deposits	-	3,898	6,306	-	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	-	606	1,600	-	40,533
Grant receivable	-	-	-	-	8,798
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	(104,057)	161,474
Property and equipment, net	23,499	20,003	165,712	256,719	88,000
Property held for resale	-	-	-	-	144,596
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 18,161</u>	<u>\$ 114,861</u>	<u>\$ 213,237</u>	<u>\$ (38,561)</u>	<u>\$ 459,032</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ -	\$ 629	\$ 802	\$ -	\$ 8,870
Accrued liabilities	-	-	-	-	150
Intercompany payable	-	-	-	-	107,864
Prepaid rents	-	192	379	-	-
Tenant security deposits	-	3,898	5,761	-	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	76,662
Notes payable	-	-	144,750	-	-
Less debt issuance costs, unamortized	-	-	-	-	-
Total liabilities	<u>-</u>	<u>4,719</u>	<u>151,692</u>	<u>-</u>	<u>193,546</u>
Net assets (deficit)	<u>18,161</u>	<u>110,142</u>	<u>61,545</u>	<u>(38,561)</u>	<u>265,486</u>
Total liabilities and net assets	<u>\$ 18,161</u>	<u>\$ 114,861</u>	<u>\$ 213,237</u>	<u>\$ (38,561)</u>	<u>\$ 459,032</u>
	Black's Drive	Blackville Village	East Ervin	Bridge Street	Home- ownership
<b>June 30, 2019</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 113,590
Due from (to)	(4,781)	93,950	40,363	(173,704)	-
Investments	-	-	-	-	-
Tenant security deposits	-	3,821	6,251	-	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	-	1,922	1,167	-	42,871
Grant receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	-	-	-	-	27,915
Property and equipment, net	23,499	20,875	171,633	143,741	64,900
Property held for resale	-	-	-	-	204,062
Note receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
	<u>\$ 18,718</u>	<u>\$ 120,568</u>	<u>\$ 219,414</u>	<u>\$ (29,963)</u>	<u>\$ 453,338</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ -	\$ 960	\$ 804	\$ -	\$ 8,614
Accrued liabilities	-	-	-	-	263
Intercompany payable	-	-	-	-	107,864
Prepaid rents	-	69	827	-	-
Tenant security deposits	-	3,821	6,251	-	1,050
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	-	-	49,800
Notes payable	-	-	159,469	-	-
Less debt issuance costs, unamortized	-	-	-	-	-
Total liabilities	<u>-</u>	<u>4,850</u>	<u>167,351</u>	<u>-</u>	<u>167,591</u>
Net assets (deficit)	<u>18,718</u>	<u>115,718</u>	<u>52,063</u>	<u>(29,963)</u>	<u>285,747</u>
Total liabilities and net assets	<u>\$ 18,718</u>	<u>\$ 120,568</u>	<u>\$ 219,414</u>	<u>\$ (29,963)</u>	<u>\$ 453,338</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Property Management	Saltcatcher Woodworks	Grants	IDA	Saltcatcher Farms
<b>Assets</b>					
Cash and cash equivalents	\$ 268,520	\$ -	\$ 4,983	\$ 138,539	\$ -
Due from (to)	(1,125,026)	756	-	-	27,705
Investments	253,504	-	-	-	-
Tenant security deposits	4,771	-	-	-	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	618,487	-	-	-	-
Grant receivable	-	-	19,533	-	-
Prepaid expenses	19,717	1,339	543	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	1,844,830	-	-	-	-
Property and equipment, net	-	284,065	287,675	-	9,951
Property held for resale	-	-	-	-	-
Note receivable	200,000	-	-	-	-
Accrued interest receivable	33,707	-	-	-	-
	<u>\$ 2,118,510</u>	<u>\$ 286,160</u>	<u>\$ 312,734</u>	<u>\$ 138,539</u>	<u>\$ 37,656</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ (117,894)	\$ 8,182	\$ -	\$ -	\$ 7,212
Accrued liabilities	168,626	320	-	-	-
Intercompany payable	-	1,488,307	166,458	-	196,191
Prepaid rents	-	-	-	-	-
Tenant security deposits	-	-	-	-	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	260,000	-	-	-	-
Notes payable	-	66,721	77,929	-	-
Less debt issuance costs, unamortized	(641)	-	-	-	-
Total liabilities	<u>310,091</u>	<u>1,563,530</u>	<u>244,387</u>	<u>-</u>	<u>203,403</u>
Net assets (deficit)	<u>1,808,419</u>	<u>(1,277,370)</u>	<u>68,347</u>	<u>138,539</u>	<u>(165,747)</u>
Total liabilities and net assets	<u>\$ 2,118,510</u>	<u>\$ 286,160</u>	<u>\$ 312,734</u>	<u>\$ 138,539</u>	<u>\$ 37,656</u>
<b>June 30, 2019</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 99,829	\$ -	\$ 12,685	\$ 148,727	\$ -
Due from (to)	759,631	(1,175,041)	-	-	(100,182)
Investments	249,093	-	-	-	-
Tenant security deposits	3,860	-	-	-	-
Reserve for replacements	-	-	-	-	-
Accounts receivable, net	539,751	-	-	-	4,365
Grant receivable	-	8,404	45,175	-	2,500
Prepaid expenses	19,233	1,002	544	-	-
Costs in excess of billings on uncompleted contracts	-	-	-	-	-
Intercompany receivable	263,531	-	-	-	-
Property and equipment, net	-	259,916	287,700	-	10,684
Property held for resale	-	-	-	-	-
Note receivable	200,000	-	-	-	-
Accrued interest receivable	42,134	-	-	-	-
	<u>\$ 2,177,062</u>	<u>\$ (905,719)</u>	<u>\$ 346,104</u>	<u>\$ 148,727</u>	<u>\$ (82,633)</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ (118,591)	\$ 13,094	\$ 300	\$ -	\$ 13,889
Accrued liabilities	137,108	143	-	-	-
Intercompany payable	-	-	186,361	-	-
Prepaid rents	-	-	-	-	-
Tenant security deposits	-	-	-	-	-
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	249,996	-	-	-	-
Notes payable	-	32,494	77,929	-	-
Less debt issuance costs, unamortized	(769)	-	-	-	-
Total liabilities	<u>267,744</u>	<u>45,731</u>	<u>264,590</u>	<u>-</u>	<u>13,889</u>
Net assets (deficit)	<u>1,909,318</u>	<u>(951,450)</u>	<u>81,514</u>	<u>148,727</u>	<u>(96,522)</u>
Total liabilities and net assets	<u>\$ 2,177,062</u>	<u>\$ (905,719)</u>	<u>\$ 346,104</u>	<u>\$ 148,727</u>	<u>\$ (82,633)</u>

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Financial Position - by Property (Continued)**  
**June 30, 2020 and 2019**

<b>June 30, 2020</b>	Supportive Services	SE Construction	Subtotal	Eliminations	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 21,076	\$ 424	\$ 611,542	\$ -	\$ 611,542
Due from (to)	-	-	-	-	-
Investments	-	-	253,504	-	253,504
Tenant security deposits	-	-	167,773	-	167,773
Reserve for replacements	-	-	74,167	-	74,167
Accounts receivable, net	-	-	786,742	-	786,742
Grant receivable	-	-	28,331	-	28,331
Prepaid expenses	-	3,401	33,474	-	33,474
Costs in excess of billings on uncompleted contracts	-	129,710	129,710	-	129,710
Intercompany receivable	-	95,787	1,998,034	(1,998,034)	-
Property and equipment, net	-	-	13,118,217	-	13,118,217
Property held for resale	-	-	144,596	-	144,596
Note receivable	-	-	200,000	-	200,000
Accrued interest receivable	-	-	33,707	-	33,707
	<u>\$ 21,076</u>	<u>\$ 229,322</u>	<u>\$ 17,579,797</u>	<u>\$ (1,998,034)</u>	<u>\$ 15,581,763</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 3,161	\$ 6,855	\$ 48,643	\$ -	\$ 48,643
Accrued liabilities	-	28,854	453,155	-	453,155
Intercompany payable	133	29,900	1,998,034	(1,998,034)	-
Prepaid rents	-	-	37,980	-	37,980
Tenant security deposits	-	-	161,490	-	161,490
Billings in excess of costs on uncompleted contracts	-	3,869	3,869	-	3,869
Line of credit	-	-	336,662	-	336,662
Notes payable	-	-	5,375,966	-	5,375,966
Less debt issuance costs, unamortized	-	-	(56,218)	-	(56,218)
Total liabilities	<u>3,294</u>	<u>69,478</u>	<u>8,359,581</u>	<u>(1,998,034)</u>	<u>6,361,547</u>
Net assets (deficit)	<u>17,782</u>	<u>159,844</u>	<u>9,220,216</u>	<u>-</u>	<u>9,220,216</u>
Total liabilities and net assets	<u>\$ 21,076</u>	<u>\$ 229,322</u>	<u>\$ 17,579,797</u>	<u>\$ (1,998,034)</u>	<u>\$ 15,581,763</u>
<b>June 30, 2019</b>					
	Supportive Services	SE Construction	Subtotal	Eliminations	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 17,573	\$ 10,797	\$ 588,615	\$ -	\$ 588,615
Due from (to)	-	-	-	-	-
Investments	-	-	249,093	-	249,093
Tenant security deposits	-	-	157,955	-	157,955
Reserve for replacements	-	-	64,156	-	64,156
Accounts receivable, net	292	-	662,092	-	662,092
Grant receivable	-	-	56,079	-	56,079
Prepaid expenses	-	4,829	33,361	-	33,361
Cost in excess of billings on uncompleted contracts	-	230,787	230,787	-	230,787
Intercompany receivable	-	44,446	335,892	(335,892)	-
Property and equipment, net	-	-	13,690,278	-	13,690,278
Property held for resale	-	-	204,062	-	204,062
Note receivable	-	-	200,000	-	200,000
Accrued interest receivable	-	-	42,134	-	42,134
	<u>\$ 17,865</u>	<u>\$ 290,859</u>	<u>\$ 16,514,504</u>	<u>\$ (335,892)</u>	<u>\$ 16,178,612</u>
<b>Liabilities and Net Assets</b>					
Accounts payable	\$ 3,391	\$ 10,667	\$ 66,272	\$ -	\$ 66,272
Accrued liabilities	-	-	304,936	-	304,936
Intercompany payable	-	29,900	335,892	(335,892)	-
Prepaid rents	-	-	42,015	-	42,015
Tenant security deposits	-	-	155,132	-	155,132
Billings in excess of costs on uncompleted contracts	-	-	-	-	-
Line of credit	-	-	349,796	-	349,796
Notes payable	-	-	5,773,738	-	5,773,738
Less debt issuance costs, unamortized	-	-	(66,918)	-	(66,918)
Total liabilities	<u>3,391</u>	<u>40,567</u>	<u>6,960,863</u>	<u>(335,892)</u>	<u>6,624,971</u>
Net assets (deficit)	<u>14,474</u>	<u>250,292</u>	<u>9,553,641</u>	<u>-</u>	<u>9,553,641</u>
Total liabilities and net assets	<u>\$ 17,865</u>	<u>\$ 290,859</u>	<u>\$ 16,514,504</u>	<u>\$ (335,892)</u>	<u>\$ 16,178,612</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Barnwell				
	Arms	Allendale	Blackville	Branchville	Denmark
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 327,608	\$ 203,975	\$ 246,400	\$ 150,337	\$ 250,257
Rental income, net	64,483	22,113	34,817	18,602	49,175
Grant proceeds	-	-	-	-	-
Interest income	12	2	12	2	6
Other income	5,187	2,567	15,343	4,833	4,013
Total revenue and other support	<u>397,290</u>	<u>228,657</u>	<u>296,572</u>	<u>173,774</u>	<u>303,451</u>
<b>Expenses:</b>					
General and administrative	72,612	49,912	52,210	34,667	56,819
Management fees	22,254	12,717	16,485	10,912	18,330
Utilities	62,451	34,618	25,561	19,838	56,112
Insurance	18,750	11,605	12,576	8,548	12,453
Property taxes	-	-	-	-	-
Maintenance	120,350	87,146	42,864	56,824	60,395
Depreciation	63,669	32,146	41,931	26,929	58,065
Loss on disposal of fixed assets	-	-	-	-	-
Interest	9,363	3,239	6,368	3,399	5,695
Interest - amortized debt issuance costs	967	334	401	351	588
Total expenses	<u>370,416</u>	<u>231,717</u>	<u>198,396</u>	<u>161,468</u>	<u>268,457</u>
Change in net assets	26,874	(3,060)	98,176	12,306	34,994
Net assets, beginning	1,326,769	812,236	825,154	216,003	1,050,513
Net assets, ending	<u>\$ 1,353,643</u>	<u>\$ 809,176</u>	<u>\$ 923,330</u>	<u>\$ 228,309</u>	<u>\$ 1,085,507</u>
<b>YEAR ENDED JUNE 30, 2019</b>					
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 328,280	\$ 207,620	\$ 223,205	\$ 137,755	\$ 237,977
Rental income, net	66,176	24,950	36,740	18,428	38,568
Grant proceeds	-	-	-	-	-
Interest income	6	1	9	1	5
Other income	7,740	978	17,092	4,038	4,478
Total revenue and other support	<u>402,202</u>	<u>233,549</u>	<u>277,046</u>	<u>160,222</u>	<u>281,028</u>
<b>Expenses:</b>					
General and administrative	79,332	54,283	54,003	39,137	60,265
Management fees	22,490	13,110	16,093	10,598	17,977
Utilities	54,765	23,731	32,867	29,591	47,146
Insurance	16,159	12,249	10,905	7,274	10,907
Property taxes	-	-	-	-	-
Maintenance	112,484	89,235	51,377	70,450	114,066
Depreciation	63,669	32,146	41,860	26,929	58,065
Loss on disposal of fixed assets	-	-	-	-	-
Interest	11,965	4,139	7,325	4,343	7,278
Interest - amortized debt issuance costs	967	334	401	351	588
Total expenses	<u>361,831</u>	<u>229,227</u>	<u>214,831</u>	<u>188,673</u>	<u>316,292</u>
Change in net assets	40,371	4,322	62,215	(28,451)	(35,264)
Net assets, beginning	1,286,398	807,914	762,939	244,454	1,085,777
Net assets, ending	<u>\$ 1,326,769</u>	<u>\$ 812,236</u>	<u>\$ 825,154</u>	<u>\$ 216,003</u>	<u>\$ 1,050,513</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Fairfax	Williston	Bamberg	Hampton	Beech Island
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 143,884	\$ 237,348	\$ 452,703	\$ 352,293	\$ -
Rental income, net	28,937	29,856	44,514	44,174	160,979
Grant proceeds	-	-	-	-	-
Interest income	2	7	8	9	5
Other income	692	6,227	40,574	7,644	3,184
Total revenue and other support	<u>173,515</u>	<u>273,438</u>	<u>537,799</u>	<u>404,120</u>	<u>164,168</u>
<b>Expenses:</b>					
General and administrative	40,210	55,482	82,024	66,192	41,449
Management fees	10,794	15,386	27,318	22,726	14,052
Utilities	26,785	27,194	106,221	54,836	9,089
Insurance	6,423	13,561	20,936	16,700	9,290
Property taxes	-	-	-	-	-
Maintenance	32,599	99,217	119,272	109,638	47,182
Depreciation	23,508	48,932	69,645	60,437	26,323
Loss on disposal of fixed assets	-	-	-	-	-
Interest	2,591	3,887	8,522	7,100	5,365
Interest - amortized debt issuance costs	268	401	880	733	540
Total expenses	<u>143,178</u>	<u>264,060</u>	<u>434,818</u>	<u>338,362</u>	<u>153,290</u>
Change in net assets	30,337	9,378	102,981	65,758	10,878
Net assets, beginning	616,886	1,322,336	2,361,106	1,378,690	(545,273)
Net assets, ending	<u>\$ 647,223</u>	<u>\$ 1,331,714</u>	<u>\$ 2,464,087</u>	<u>\$ 1,444,448</u>	<u>\$ (534,395)</u>
<b>YEAR ENDED JUNE 30, 2019</b>					
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 146,139	\$ 250,695	\$ 437,831	\$ 357,549	\$ -
Rental income, net	25,073	25,288	53,436	41,394	151,338
Grant proceeds	-	-	-	-	-
Interest income	1	5	6	6	6
Other income	971	6,964	6,232	7,923	5,222
Total revenue and other support	<u>172,184</u>	<u>282,952</u>	<u>497,505</u>	<u>406,872</u>	<u>156,566</u>
<b>Expenses:</b>					
General and administrative	40,756	58,680	83,400	66,859	43,541
Management fees	11,186	16,485	27,593	22,922	13,581
Utilities	25,313	34,483	66,704	44,184	8,199
Insurance	5,599	11,238	17,676	14,565	8,267
Property taxes	-	-	-	-	-
Maintenance	31,858	48,494	111,165	94,537	61,806
Depreciation	23,508	48,932	68,060	60,437	26,323
Loss on disposal of fixed assets	-	-	-	-	-
Interest	3,311	4,967	10,890	9,073	6,686
Interest - amortized debt issuance costs	268	401	880	733	540
Total expenses	<u>141,799</u>	<u>223,680</u>	<u>386,368</u>	<u>313,310</u>	<u>168,943</u>
Change in net assets	30,385	59,272	111,137	93,562	(12,377)
Net assets, beginning	586,501	1,263,064	2,249,969	1,285,128	(532,896)
Net assets, ending	<u>\$ 616,886</u>	<u>\$ 1,322,336</u>	<u>\$ 2,361,106</u>	<u>\$ 1,378,690</u>	<u>\$ (545,273)</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Holly Hill	North	Estill	Deer Run	Westside Manor
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 196,964	\$ 177,427	\$ 227,941	\$ 127,907	\$ -
Rental income, net	27,592	25,651	34,285	130,282	160,758
Grant proceeds	-	-	-	-	-
Interest income	16	6	2	3	-
Other income	20,854	6,850	1,964	10,469	7,622
Total revenue and other support	<u>245,426</u>	<u>209,934</u>	<u>264,192</u>	<u>268,661</u>	<u>168,380</u>
<b>Expenses:</b>					
General and administrative	44,231	58,765	42,186	45,448	22,534
Management fees	16,289	16,053	16,093	26,760	12,420
Utilities	32,923	33,109	55,229	43,481	21,384
Insurance	13,019	13,434	12,106	11,415	15,037
Property taxes	-	-	-	18	3,928
Maintenance	52,063	66,644	77,481	85,442	43,062
Depreciation	45,863	48,191	34,283	49,191	53,236
Loss on disposal of fixed assets	-	-	-	-	-
Interest	5,772	3,668	3,668	18,779	6,149
Interest - amortized debt issuance costs	373	379	379	-	887
Total expenses	<u>210,533</u>	<u>240,243</u>	<u>241,425</u>	<u>280,534</u>	<u>178,637</u>
Change in net assets	34,893	(30,309)	22,767	(11,873)	(10,257)
Net assets, beginning	157,441	381,700	393,477	(172,418)	(531,950)
Net assets, ending	<u>\$ 192,334</u>	<u>\$ 351,391</u>	<u>\$ 416,244</u>	<u>\$ (184,291)</u>	<u>\$ (542,207)</u>
<b>YEAR ENDED JUNE 30, 2019</b>					
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ 193,877	\$ 172,447	\$ 235,500	\$ 124,309	\$ -
Rental income, net	27,096	29,766	25,443	137,201	188,475
Grant proceeds	-	-	-	-	-
Interest income	11	4	1	12	-
Other income	20,740	3,556	2,361	8,664	1,495
Total revenue and other support	<u>241,724</u>	<u>205,773</u>	<u>263,305</u>	<u>270,186</u>	<u>189,970</u>
<b>Expenses:</b>					
General and administrative	48,901	62,571	48,263	55,911	19,369
Management fees	16,407	15,268	15,896	34,380	15,300
Utilities	35,826	32,628	51,103	45,404	12,680
Insurance	11,007	11,984	10,888	11,507	13,219
Property taxes	-	-	-	22	2,620
Maintenance	39,479	125,294	70,440	80,099	44,936
Depreciation	45,863	48,191	34,283	49,191	53,236
Loss on disposal of fixed assets	-	-	-	-	-
Interest	7,044	4,687	4,687	19,261	11,094
Interest - amortized debt issuance costs	373	379	379	-	887
Total expenses	<u>204,900</u>	<u>301,002</u>	<u>235,939</u>	<u>295,775</u>	<u>173,341</u>
Change in net assets	36,824	(95,229)	27,366	(25,589)	16,629
Net assets, beginning	120,617	476,929	366,111	(146,829)	(548,579)
Net assets, ending	<u>\$ 157,441</u>	<u>\$ 381,700</u>	<u>\$ 393,477</u>	<u>\$ (172,418)</u>	<u>\$ (531,950)</u>

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Landmark	Single Family	Springside	University Parkway	Briarcliff
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	157,339	106,736	280,746	246,935	-
Grant proceeds	-	-	-	-	-
Interest income	2	-	4	5	-
Other income	40,428	1,897	9,582	8,814	-
Total revenue and other support	197,769	108,633	290,332	255,754	-
<b>Expenses:</b>					
General and administrative	51,772	9,096	84,734	90,423	-
Management fees	15,818	-	18,173	20,567	-
Utilities	64,199	2,764	22,662	19,122	-
Insurance	10,872	6,774	17,439	10,886	-
Property taxes	-	5,311	-	-	1,734
Maintenance	72,610	20,839	111,819	72,671	-
Depreciation	23,160	28,672	52,906	50,253	-
Loss on disposal of fixed assets	-	-	-	-	-
Interest	4,063	15,344	10,053	29,881	-
Interest - amortized debt issuance costs	420	-	1,038	1,632	-
Total expenses	242,914	88,800	318,824	295,435	1,734
Change in net assets	(45,145)	19,833	(28,492)	(39,681)	(1,734)
Net assets, beginning	(368,431)	70,726	(160,553)	(1,354,959)	(24,448)
Net assets, ending	\$ (413,576)	\$ 90,559	\$ (189,045)	\$ (1,394,640)	\$ (26,182)
<b>YEAR ENDED JUNE 30, 2019</b>					
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	154,539	87,522	274,630	240,972	-
Grant proceeds	-	-	-	-	-
Interest income	1	-	3	6	-
Other income	38,601	1,795	9,652	6,853	-
Total revenue and other support	193,141	89,317	284,285	247,831	-
<b>Expenses:</b>					
General and administrative	55,969	3,916	83,822	91,750	-
Management fees	15,622	-	17,623	19,782	-
Utilities	50,175	2,657	31,402	15,402	-
Insurance	8,334	5,371	14,536	9,495	-
Property taxes	-	1,988	-	-	1,710
Maintenance	117,081	32,457	108,855	64,901	-
Depreciation	37,170	24,124	52,906	50,253	-
Loss on disposal of fixed assets	-	-	-	-	-
Interest	5,192	9,273	12,847	33,209	-
Interest - amortized debt issuance costs	420	-	1,038	1,632	-
Total expenses	289,963	79,786	323,029	286,424	1,710
Change in net assets	(96,822)	9,531	(38,744)	(38,593)	(1,710)
Net assets, beginning	(271,609)	61,195	(121,809)	(1,316,366)	(22,738)
Net assets, ending	\$ (368,431)	\$ 70,726	\$ (160,553)	\$ (1,354,959)	\$ (24,448)

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	<b>Black's Drive</b>	<b>Blackville Village</b>	<b>East Ervin</b>	<b>Bridge Street</b>	<b>Home-ownership</b>
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	-	41,778	79,702	-	6,700
Grant proceeds	-	-	-	-	39,622
Interest income	-	-	-	-	1,895
Other income	-	1,361	1,118	-	94,150
Total revenue and other support	-	43,139	80,820	-	142,367
<b>Expenses:</b>					
General and administrative	-	8,736	12,812	163	134,395
Management fees	-	-	-	-	908
Utilities	-	1,724	9,874	1,506	1,961
Insurance	-	3,520	4,551	577	7,960
Property taxes	557	-	-	4,514	10,040
Maintenance	-	33,862	29,784	758	6,912
Depreciation	-	873	5,921	1,080	-
Loss on disposal of fixed assets	-	-	-	-	-
Interest	-	-	8,396	-	452
Interest - amortized debt issuance costs	-	-	-	-	-
Total expenses	557	48,715	71,338	8,598	162,628
Change in net assets	(557)	(5,576)	9,482	(8,598)	(20,261)
Net assets, beginning	18,718	115,718	52,063	(29,963)	285,747
Net assets, ending	\$ 18,161	\$ 110,142	\$ 61,545	\$ (38,561)	\$ 265,486
<b>YEAR ENDED JUNE 30, 2019</b>	<b>Black's Drive</b>	<b>Blackville Village</b>	<b>East Ervin</b>	<b>Bridge Street</b>	<b>Home-ownership</b>
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	-	46,997	77,364	-	13,545
Grant proceeds	-	-	-	-	35,401
Interest income	-	-	-	-	2,035
Other income	-	1,439	2,179	-	10,040
Total revenue and other support	-	48,436	79,543	-	61,021
<b>Expenses:</b>					
General and administrative	-	9,132	14,407	8	129,249
Management fees	-	-	-	-	908
Utilities	-	340	9,022	1,023	5,106
Insurance	-	2,834	4,074	575	7,146
Property taxes	545	-	-	4,793	24,534
Maintenance	-	11,444	24,224	314	9,122
Depreciation	-	873	5,921	1,080	-
Loss on disposal of fixed assets	-	-	-	-	-
Interest	-	-	6,940	-	118
Interest - amortized debt issuance costs	-	-	407	-	-
Total expenses	545	24,623	64,995	7,793	176,183
Change in net assets	(545)	23,813	14,548	(7,793)	(115,162)
Net assets, beginning	19,263	91,905	37,515	(22,170)	400,909
Net assets, ending	\$ 18,718	\$ 115,718	\$ 52,063	\$ (29,963)	\$ 285,747

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**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Property Management	Saltcatcher Woodworks	Grants	IDA	Saltcatcher Farms
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	(8,427)	-	-	-	-
Grant proceeds	-	-	60,991	-	82,005
Interest income	5,382	-	-	9	-
Other income	87,274	6,543	-	-	11,643
Total revenue and other support	<u>84,229</u>	<u>6,543</u>	<u>60,991</u>	<u>9</u>	<u>93,648</u>
<b>Expenses:</b>					
General and administrative	137,759	34,794	9,711	10,197	105,240
Management fees	-	-	-	-	-
Utilities	-	8,950	70	-	-
Insurance	752	14,976	3,874	-	5,363
Property taxes	-	2,679	2,732	-	-
Maintenance	28,111	240,393	57,771	-	51,537
Depreciation	-	26,819	-	-	733
Loss on disposal of fixed assets	-	-	-	-	-
Interest	18,378	3,852	-	-	-
Interest - amortized debt issuance costs	128	-	-	-	-
Total expenses	<u>185,128</u>	<u>332,463</u>	<u>74,158</u>	<u>10,197</u>	<u>162,873</u>
Change in net assets	(100,899)	(325,920)	(13,167)	(10,188)	(69,225)
Net assets, beginning	1,909,318	(951,450)	81,514	148,727	(96,522)
Net assets, ending	<u>\$ 1,808,419</u>	<u>\$ (1,277,370)</u>	<u>\$ 68,347</u>	<u>\$ 138,539</u>	<u>\$ (165,747)</u>
<b>YEAR ENDED JUNE 30, 2019</b>	Property Management	Saltcatcher Woodworks	Grants	IDA	Saltcatcher Farms
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income, net	(8,427)	-	-	-	-
Grant proceeds	-	98,914	93,910	-	21,000
Interest income	3,700	279	-	8	-
Other income	7,140	-	44,818	-	5,635
Total revenue and other support	<u>2,413</u>	<u>99,193</u>	<u>138,728</u>	<u>8</u>	<u>26,635</u>
<b>Expenses:</b>					
General and administrative	109,548	48,851	12,265	11,542	78,161
Management fees	-	-	-	-	-
Utilities	-	9,604	(140)	-	-
Insurance	1,765	11,443	3,793	-	4,417
Property taxes	-	2,642	1,528	-	-
Maintenance	10,317	248,066	85,493	-	40,274
Depreciation	-	22,183	-	-	305
Loss on disposal of fixed assets	-	-	-	-	-
Interest	2,834	1,923	-	-	-
Interest - amortized debt issuance costs	128	-	-	-	-
Total expenses	<u>124,592</u>	<u>344,712</u>	<u>102,939</u>	<u>11,542</u>	<u>123,157</u>
Change in net assets	(122,179)	(245,519)	35,789	(11,534)	(96,522)
Net assets, beginning	2,031,497	(705,931)	45,725	160,261	-
Net assets, ending	<u>\$ 1,909,318</u>	<u>\$ (951,450)</u>	<u>\$ 81,514</u>	<u>\$ 148,727</u>	<u>\$ (96,522)</u>

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Consolidating Statements of Activities and Changes in Net Assets - by Property (Continued)**  
**Years Ended June 30, 2020 and 2019**

<b>YEAR ENDED JUNE 30, 2020</b>	Supportive Services	SE Construction	Subtotal	Eliminations	Total
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ 3,095,044	\$ -	\$ 3,095,044
Rental income, net	-	-	1,787,727	-	1,787,727
Grant proceeds	-	-	182,618	-	182,618
Interest income	-	-	7,389	-	7,389
Other income	75,480	321,186	797,499	-	797,499
Total revenue and other support	<u>75,480</u>	<u>321,186</u>	<u>5,870,277</u>	<u>-</u>	<u>5,870,277</u>
<b>Expenses:</b>					
General and administrative	68,641	1,906	1,525,120	-	1,525,120
Management fees	-	-	314,055	-	314,055
Utilities	-	1,061	742,724	-	742,724
Insurance	1,739	18,218	303,354	-	303,354
Property taxes	-	-	31,513	-	31,513
Maintenance	1,792	390,449	2,219,487	-	2,219,487
Depreciation	-	-	872,766	-	872,766
Loss on disposal of fixed assets	-	-	-	-	-
Interest	-	-	183,984	-	183,984
Interest - amortized debt issuance costs	-	-	10,699	-	10,699
Total expenses	<u>72,172</u>	<u>411,634</u>	<u>6,203,702</u>	<u>-</u>	<u>6,203,702</u>
Change in net assets	3,308	(90,448)	(333,425)	-	(333,425)
Net assets, beginning	14,474	250,292	9,553,641	-	9,553,641
Net assets, ending	<u>\$ 17,782</u>	<u>\$ 159,844</u>	<u>\$ 9,220,216</u>	<u>\$ -</u>	<u>\$ 9,220,216</u>
<b>YEAR ENDED JUNE 30, 2019</b>					
<b>Revenue and Other Support:</b>					
Housing assistance payments	\$ -	\$ -	\$ 3,053,184	\$ -	\$ 3,053,184
Rental income, net	-	-	1,776,514	-	1,776,514
Grant proceeds	-	-	249,225	-	249,225
Interest income	-	-	6,106	-	6,106
Other income	79,894	246,760	553,260	(79,800)	473,460
Total revenue and other support	<u>79,894</u>	<u>246,760</u>	<u>5,638,289</u>	<u>(79,800)</u>	<u>5,558,489</u>
<b>Expenses:</b>					
General and administrative	77,125	3,545	1,544,561	(79,800)	1,464,761
Management fees	-	-	323,221	-	323,221
Utilities	-	2,876	672,091	-	672,091
Insurance	1,239	18,076	266,542	-	266,542
Property taxes	-	-	40,382	-	40,382
Maintenance	1,407	255,638	2,155,313	-	2,155,313
Depreciation	-	-	875,508	-	875,508
Loss on disposal of fixed assets	-	-	-	-	-
Interest	-	-	189,086	-	189,086
Interest - amortized debt issuance costs	-	-	11,106	-	11,106
Total expenses	<u>79,771</u>	<u>280,135</u>	<u>6,077,810</u>	<u>(79,800)</u>	<u>5,998,010</u>
Change in net assets	123	(33,375)	(439,521)	-	(439,521)
Net assets, beginning	14,351	283,667	9,993,162	-	9,993,162
Net assets, ending	<u>\$ 14,474</u>	<u>\$ 250,292</u>	<u>\$ 9,553,641</u>	<u>\$ -</u>	<u>\$ 9,553,641</u>

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

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Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Expenditures
Federal Awards:		
U.S. Department of Housing and Urban Development:		
Section 8 Project-Based Cluster:		
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 425,662
Section 8 Housing Assistance Payments Program - Special Allocations	14.195	2,810,753
Total Section 8 Project-Based Cluster		3,236,415
U.S. Department of Housing and Urban Development:		
Housing Counseling Assistance Program	14.169	39,622
U.S. Department of Housing and Urban Development:		
Home Investment Partnerships Program	14.239	898,711
Total U.S. Department of Housing and Urban Development		4,174,748
U.S. Department of Agriculture, Rural Development:		
Rural Rental Housing Loans - Loan balance	10.415	996,017
Rural Rental Housing Loans - Interest subsidy	10.415	38,266
Rural Rental Housing Loans		1,034,283
U.S. Department of Agriculture, Rural Development:		
Rural Rental Assistance Payments	10.427	128,473
Total U.S. Department of Agriculture, Rural Development		1,162,756
U.S. Department of Health and Human Services:		
Assets for Independence Demonstration Program	93.602	5,098
Total U.S. Department of Health and Human Services		5,098
Total expenditures of federal awards		\$ 5,342,602

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

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NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southeastern Housing and Community Development, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Housing and Community Development, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southeastern Housing and Community Development.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Southeastern Housing and Community Development has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - LOANS OUTSTANDING

Southeastern Housing and Community Development had the following loan balance outstanding as of June 30, 2020:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Rural Rental Housing Loans	10.415	\$ 987,375
HOME Investment Partnerships Program	14.239	\$ 859,056





**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors  
Southeastern Housing and Community Development  
Barnwell, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Southeastern Housing and Community Development (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
March 29, 2021



**Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

To the Board of Directors  
Southeastern Housing and Community Development  
Barnwell, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Southeastern Housing and Community Development's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Housing and Community Development's major federal programs for the year ended June 30, 2020. Southeastern Housing and Community Development's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Southeastern Housing and Community Development complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of Southeastern Housing and Community Development is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southeastern Housing and Community Development's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeastern Housing and Community Development's internal control over compliance.

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

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

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

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
March 29, 2021

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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Items required to be reported under 2 CFR section 200.515(d):

**Section I - Summary of Auditor's Results**

Financial Statements

- |   |                                    |
|---|------------------------------------|
| (i) Type of auditor's report issued:                        | Unmodified                         |
| (ii) Internal control over financial reporting -            |                                    |
| (a) Material weakness(es) identified?                       | _____ yes <u> X </u> no            |
| (b) Significant deficiencies identified?                    | _____ yes <u> X </u> none reported |
| (iii) Noncompliance material to financial statements noted? | _____ yes <u> X </u> no            |

Federal Awards

- |   |                                    |
|---|------------------------------------|
| (i) Internal control over major programs -  |                                    |
| (a) Material weakness(es) identified?   | _____ yes <u> X </u> no            |
| (b) Significant deficiencies identified?  | _____ yes <u> X </u> none reported |
| (ii) Type of auditor's report issued on compliance<br>for major programs:   | Unmodified                         |
| (iii) Any audit findings disclosed that are required to be<br>reported in accordance with 2 CFR section 200.516(a)? | _____ yes <u> X </u> no            |
| (iv) Identification of major programs:  |                                    |
| <u>CFDA Number(s)</u>   | <u>Name of Federal Program</u>     |
| 14.182 / 14.195   | Section 8 Project-Based "Cluster"  |
| (v) Dollar threshold used to distinguish between<br>type A and type B programs:                                     | \$ 750,000                         |
| (vi) Auditee qualified as low-risk auditee?   | <u> X </u> yes    _____ no         |

**Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:**

**Findings and Questioned Costs:**

None reported

**Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:**

**Findings and Questioned Costs:**

None reported

**SOUTHEASTERN HOUSING AND COMMUNITY DEVELOPMENT**  
**Summary Schedule of Prior Year Audit Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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None reported