Financial Statements

Gulf Coast Renaissance Corporation
Gulfport, Mississippi

Year Ended December 31, 2015
(With Summarized Financial Information
for the Year Ended December 31, 2014)

PILTZ, WILLIAMS, LAROSA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Association

Gulf Coast Renaissance Corporation
Gulfport, Mississippi

Financial Statements

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Gulfport, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Gulf Coast Renaissance Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast Renaissance Corporation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of Gulf Coast Renaissance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulf Coast Renaissance Corporation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information
We have previously audited the Gulf Coast Renaissance Corporation 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Piltz, Williams, LaRosa & Co

Certified Public Accountants

Biloxi, Mississippi
March 21, 2016

Section I

General Purpose Financial Statements

Gulf Coast Renaissance Corporation
Statements of Financial Position

Assets	December 31, 2015	2014
Cash	**$ 1,560,383**	$ 1,906,811
Cash, restricted	**827,066**	1,456,757
Federal Home Loan Bank Stock, at cost	**238,300**	56,700
Investments	**1,759,811**	1,786,217
Grants receivable, restricted portion $50,000 and $690,000	**50,000**	765,576
Prepaid expenses	**41,143**	23,212
Due from affiliate	**4,659**	288,164
Due from closing agents and others	**78,737**	114,364
Equity in net assets of affiliate	**2,448,577**	2,856,342
Contingent receivable, REACH	**2,031,047**	2,607,474
Contingent receivable, My Home My Coast	**678,350**	1,896,139
Contingent receivable, temporary housing units	**86,401**	331,330
Contingent receivable, Turtle Creek lot equity	**1,509,917**	1,468,308
Notes receivable	**1,955,921**	1,834,152
Mortgages receivable	**11,787,557**	4,043,468
Non-interest bearing residential mortgage loans, net of unamortized discounts of $8,771,498 and $10,322,098	**15,257,894**	17,193,061
Allowance for doubful accounts and loans receivable	**(548,942)**	(610,680)
Foreclosed assets held for sale	**166,878**	129,321
Property & equipment, net	**195,180**	213,298
Totals	**$ 40,128,879**	$ 38,360,014
Liabilities & Net Assets		
Liabilities		
Accounts payable	**$ 159,810**	$ 143,262
Accrued expenses	**62,318**	91,476
Escrows	**12,222**	68,277
Grant payable	**779,141**	895,053
Notes payable	**6,566,446**	1,500,000
Total liabilities	**7,579,937**	2,698,068
Net assets		
Unrestricted:		
Designated	**3,125**	-
Undesignated	**31,668,751**	33,515,189
Temporarily restricted	**877,066**	2,146,757
Total net assets	**32,548,942**	35,661,946
Totals	**$ 40,128,879**	$ 38,360,014

The accompanying notes are an integral part of the financial statements.

Gulf Coast Renaissance Coporation
Statements of Activities

	Year Ended December 31,				
	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Support and revenue					
Contributions	**$ 560,050**	**$ -**	**$ -**	**$ 560,050**	927,215
Contributions, in kind	**-**			**-**	28
Grant revenue	**42,000**	**99,055**		**141,055**	1,171,764
Mortgage discount amortization	**651,420**			**651,420**	694,370
Loan fees	**223,051**			**223,051**	191,289
Interest income	**524,760**			**524,760**	182,230
Miscellaneous Income	**34,966**			**34,966**	20,470
Investment return	**(38,618)**			**(38,618)**	78,495
Equity in earnings of affiliate	**(116,305)**			**(116,305)**	(258,088)
Net assets released/ restrictions satisfied	**1,368,746**	**(1,368,746)**		**-**	-
Total support and revenue	**3,250,070**	**(1,269,691)**	**-**	**1,980,379**	3,007,773
Expenses					
Program services:					
Homeownership	**1,343,965**			**1,343,965**	1,830,603
Lending	**2,826,522**			**2,826,522**	4,263,910
Land development	**80,262**			**80,262**	106,898
Community	**50,371**			**50,371**	1,308
Supporting services:					
Management and general	**792,263**			**792,263**	517,231
Total expenses	**5,093,383**	**-**	**-**	**5,093,383**	6,719,950
Change in net assets	**(1,843,313)**	**(1,269,691)**	**-**	**(3,113,004)**	(3,712,177)
Net assets, beginning of year,	**33,515,189**	**2,146,757**	**-**	**35,661,946**	39,374,123
Net assets, end of year	**$ 31,671,876**	**$ 877,066**	**$ -**	**$ 32,548,942**	$35,661,946

The accompanying notes are an integral part of the financial statements.

Gulf Coast Renaissance Corporation
Statements of Cash Flows

	Year Ended December 31, 2015	2014
Cash flows from operating activities		
Change in net assets	**$ (3,113,004)**	$ (3,712,177)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	**117,250**	424,839
Depreciation	**21,213**	20,094
Mortgage discount expense	**(899,180)**	(196,724)
Mortgage discount amortization	**(651,420)**	(694,370)
Receipts from mortgages receivable	**3,350,969**	1,172,341
Mortgages received	**(7,960,504)**	(3,453,380)
Payments on notes receivable	**662,387**	155,530
Notes received	**(890,035)**	(1,706,895)
Loss on foreclosure	**136,549**	340,771
(Gain)/loss on sale of assets	**(48,891)**	(71,465)
Unrealized investment (gain)/loss	**32,299**	(54,013)
Changes in assets and liabilities:		
Grants receivable	**715,576**	705,613
Due from affiliate	**283,505**	(94,278)
Due from closing agents and others	**35,627**	(18,406)
Equity in net assets of affiliate	**116,253**	258,088
Contingent receivable, REACH	**576,427**	623,741
Contingent receivable, My Home My Coast	**1,217,789**	2,452,075
Contingent receivable, Temporary Housing Units	**244,929**	241,468
Contingent receivable, Turtle Creek lot equity	**(41,609)**	(444,700)
Prepaid expenses	**(17,931)**	(1,716)
Accounts payable	**16,548**	(90,437)
Accrued expenses	**(29,158)**	21,991
Escrows	**(56,055)**	63,095
Grants payable	**(115,912)**	(111,235)
Net cash provided by (used in) operating activities	**(6,296,378)**	(4,170,150)
Cash flows from investing activities		
Proceeds from sale of foreclosed assets	**263,207**	450,660
Proceeds from sale of assets in use	**80,550**	-
Purchase of property and equipment	**(69,167)**	(144,167)
Acquisition of foreclosed assets	**(89,686)**	(254,523)
Distribution from affiliate	**291,512**	-
Investments:		
Purchased	**(920,022)**	(3,711,080)
Sold	**697,419**	1,943,478
Net cash provided by (used in) investing activities	**253,813**	(1,715,632)
Cash flows from financing activities		
Issuance of long-term debt	**5,198,795**	1,500,000
Repayments of long-term debt	**(132,349)**	-
Net cash provided by (used in) financing activities	**5,066,446**	1,500,000
Net increase (decrease) in cash	**(976,119)**	(4,385,782)
Cash, beginning of year	**3,363,568**	7,749,350
Cash, end of year	**$ 2,387,449**	$ 3,363,568
Supplemental disclosure of cash flows information:		
Cash paid during the year for interest	**$ 103,167**	$ 19,438

The accompanying notes are an integral part of the financial statements.

Note 1 – Description of Organization and Significant Accounting Policies

The organization - The Gulf Coast Renaissance Corporation, (the Corporation) was incorporated on November 20, 2006, as a non-profit organization. It was established to serve as the capstone organization in the rebuilding of the Mississippi Gulf Coast by removing obstacles to the redevelopment, creating partnerships, and stimulating investment in order to create vibrant, diverse, sustainable communities that offer residents the highest quality of life. Its current mission is to provide support through technical and financial assistance to facilitate the development of communities which provide safe, quality housing for the workforce and special need residents of the Mississippi Gulf Coast and economic opportunities that will add/retain jobs in the community or that create entrepreneurial opportunities.

In November 2011, Bridge Development, LLC (Bridge), a Mississippi Limited Liability Company, was formed with Gulf Coast Renaissance Corporation as its sole member. The accounts of Bridge are included in the December 31, 2015 and 2014 financial statements of the Corporation. Any intercompany balances have been eliminated.

Basis of accounting - The Corporation presents its financial statements using the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue and the related assets are recognized when earned and expenses are recognized when the obligations occur.

Basis of presentation - The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributed services - The Corporation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Corporation received contributed professional services during the years ended December 31, 2015 and 2014, with a fair value on the dates of donation of $0 and $28, respectively.

Federal Home Loan Bank stock - The Corporation is a member of the Federal Home Loan Bank of Dallas (“FHLB”) and as such is required to maintain a minimum investment in its stock that varies with the level of FHLB advances outstanding. The stock is bought from and sold to the FHLB based on its $100 par value. The stock does not have a readily determinable fair value and as such is classified as restricted stock, carried at cost and evaluated for impairment in accordance with GAAP.

Investments - Investments purchased by the Corporation are initially recorded at their cost. Investments held at the end of the reporting period are valued at their fair value and a corresponding unrealized gain or loss is recorded.

Mortgages and notes receivable - Non-interest bearing mortgages receivable are recorded at fair value, discounted accordingly and reported at present value. Other mortgages and notes receivable are carried at unpaid principal balances, less an allowance for loan losses.

Property and equipment - It is the Corporation's policy to capitalize property and equipment over $2,500 with the exception of computer equipment. Lesser amounts are expensed. Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

Fair value measurements - The FASB Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

***Level 1* -** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

***Level 2* -** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

***Level 3* -** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Grants payable - Unconditional grants are charged against operations when authorized. The actual payment of the grant may not necessarily occur in the year of authorization. Grants which are expected to be paid beyond one year are discounted at an appropriate rate, which management has determined to be 4%. Amortization of the present value discount rate is recorded as additional grants expense. A conditional grant is considered unconditional if the possibility that the condition will not be made is remote.

Income taxes - The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Similar provisions under the Mississippi Code allow exemption of state income taxes.

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

Advertising costs - The Corporation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when incurred.

Revenue recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash equivalents - The Corporation considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Reclassifications - Certain reclassifications have been made to prior year figures in order for them to conform to current year presentation.

Note 2 – Concentration of Credit Risk
The Corporation maintains cash balances at various financial institutions, which at times may exceed the federally insured limit of $250,000. The Corporation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on these deposits.

Note 3 – Investments
Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at December 31, 2015 and 2014:

	December 31, 2015	
	Cost	**Fair Value**
Marketable equity securities	**$ 874,216**	**$ 914,836**
Marketable debt securities	**863,880**	**844,975**
Total	**$ 1,738,096**	**$ 1,759,811**

	December 31, 2014	
	Cost	Fair Value
Marketable equity securities	$ 820,023	$ 879,033
Marketable debt securities	912,181	907,184
Total	$ 1,732,204	$ 1,786,217

	December 31,	
	2015	2014
Interest and dividends	**$ 40,870**	$ 31,008
Net realized gain (loss)	**(35,110)**	3,202
Net unrealized gain (loss)	**(32,299)**	54,013
Advisory fees	**(12,079)**	(9,728)
Total return (loss)	**$ (38,618)**	$ 78,495

Note 4 – Grants Receivable
The following is a summary of grants receivable at:

	December 31,	
	2015	2014
Small Business Administration	**$ 50,000**	$ -
Community Development Financial Institutions Fund	**-**	$ 690,000
Mississippi Development Authority - MyHome MyCoast	**-**	75,576
Totals	**$ 50,000**	$ 765,576

Note 5 – Contingent, Mortgage and Note Receivables
In support of its mission, the Corporation has developed the Regional Employer Assisted Collaboration for Housing (REACH) Mississippi program. Through this program, the Corporation will assist employers in setting up an Employer Assisted Housing (EAH) program. Based upon employer determined criteria, EAH-qualified employees will be offered a predetermined amount to help them purchase homes. This amount can be a second lien position on the home structured according to the employers' specifications, but will generally be forgiven after a five-year period of employment. Under the REACH program, employees with total household income less than 120 percent of the area median income can qualify for up to a five-to-one matching funds through the Corporation to further offset the costs of home ownership. This third, interest free lien is silent, coming due only when the home is sold or refinanced within the forgiveness period. It is completely forgiven after ten years. With the conclusion of this program, the Corporation did not extend any of these matching funds during the past two years.

The MyHome MyCoast program was launched in April 2009 by the Gulf Coast Renaissance Corporation as a perpetual fund to assist thousands of residents and potential residents of Mississippi's six coastal counties. The long-term, stimulus-style housing program will provide homeownership opportunities to private individuals, focusing on those who have been negatively impacted by the devastation of Hurricane Katrina and/or the recent national credit crisis. Through its initial goal to bridge the gap in affordable workforce housing in the area, MyHome MyCoast also provides many benefits to South Mississippi, including stimulating the private real estate market.

The program leveraged local lenders' mortgages and offered a zero-percent interest on a second mortgage funded by Community Development Block Grant funds. The mortgages, which are 30-year, fixed-rate, have a loan-to-value position of 40 - 60 percent, with a graduating scale based upon household area median income (AMI). The program provided flexibility in lending as the local financial lenders were not burdened with selling loans in the secondary mortgage marketplace. The program included down-payment-assistance grants based on the AMI, ranging from $14,300 to $22,500 forgivable after 5 years if the home is not sold or refinanced during the forgiveness period and up to $3,500 that could be used to cover closing costs. This closing cost assistance is forgiven when the loan closes. During the years ended December 31, 2015 and 2014, the Corporation did not extend any amount in zero-percent interest mortgages, down-payment-assistance, or forgiven closing costs. However, it does continue to collect on these mortgages. All of the mortgages receivable are secured by the homes sold. Because the mortgages held by the Corporation bear no interest, they have been discounted using an annual rate of 4%. These original discounted amounts are reflected in the financial statements as mortgage discount expense in the year the mortgage is closed. The annual amortization of the discount is recorded as mortgage discount amortization income.

The discount on the non-interest bearing loans is categorized as level two within the fair value hierarchy. The discount rate used for all closed mortgages is based on the Corporation's borrowing rate. The fair value of these non-interest bearing residential mortgage loans, net of the unamortized discount was $15,257,894 and $17,193,061 at December 31, 2015 and 2014, respectively.

The Corporation also offers two other homebuyer assistance programs with temporary housing unit grants and Turtle Creek lot equity grants. These grants are forgiven after five to ten years.

Non-Interest bearing residential mortgage loans, mortgage receivables and notes receivables are evaluated quarterly and annually for impairment. In its evaluation the Corporation will assess whether there have been any foreclosures, bankruptcies, or other types of debtor impairments. If this quantitative impairment analysis indicates a possible impairment of the Corporation's receivable, the Corporation will investigate other qualitative factors including the ability of the borrower to pay off the loan. The Corporation reserves 40% of the non-interest bearing residential mortgage loans portfolio at risk for loans delinquent greater than 90 days. This is based on the historical loss rate for this portfolio. The mortgage receivables portfolio has a loan loss reserve equal to 2.5% of the total portfolio and once a history is established for this portfolio, the reserve ratio will not be changed. The notes receivable loan loss reserve is 10% of the unguaranteed portion of the note, adjusted for any loan impairments.

Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is reversed by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received, after principal due was brought current. Management will return the note to accrual status if it determines that there is a strong likelihood that the borrower will be able to make consistent monthly payments and collateral value is maintained

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

The components of notes and mortgages receivable are as follows:

	December 31,	
	2015	2014
Small business development notes	**$ 55,089**	$ 161,755
Commercial notes	**1,900,832**	1,672,397
Total notes receivable	**$ 1,955,921**	$ 1,834,152
Traditional mortgage loans	**$ 11,510,159**	$ 3,651,992
Temporary housing unit loans	**247,472**	368,765
Green loans	**29,926**	22,711
Total mortgages receivable	**$ 11,787,557**	$ 4,043,468

The allowance for doubtful accounts and loans receivable changed as follows:

	December 31,	
	2015	2014
Balances, beginning of year	**$ (610,680)**	$ (369,319)
Provision for losses	**25,826**	(424,839)
Recoveries on loans	**-**	2,450
Loans charged off	**35,912**	181,028
Balances, end of year	**$ (548,942)**	$ (610,680)

At December 31, 2015 and 2014, the total recorded investment in impaired loans amounted to approximately $0 and $40,799, respectively

At December 31, 2015 and 2014, the total recorded investment in loans on nonaccrual amounted to approximately $0 and $140,989, respectively. The total recorded investment in loans past due ninety days or more and still accruing interest amounted to approximately $157,661 and $0, respectively, and the amount of interest not recorded on nonaccrual loans was approximately $0 and $16,975 for the years ended December 31, 2015 and 2014, respectively.

Note 6 – Property and Equipment

The following is a summary of property and equipment at:

	December 31, 2015	2014
Furniture and fixtures	**$ 170,653**	$ 149,191
Real estate	**174,948**	197,356
Less accumulated depreciation	**150,421**	133,249
Totals	**$ 195,180**	$ 213,298

Note 7 – Foreclosed Assets Held for Sale

At December 31, 2015 and 2014, the Corporation had residential real estate properties acquired through foreclosure with a carrying amount of $166,878 and $129,321, respectively. That amount includes all properties for which physical possession had been obtained, either through (a) legal title obtained upon completion of foreclosure proceedings, or (b) conveyance by the borrower in satisfaction of a loan through completion of a deed in lieu of foreclosure or another similar legal agreement. In addition, the Corporation had an interest in consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process at December 31, 2015. The carrying amount of those loans, included in Mortgages Receivable, was $0 at December 31, 2015.

Note 8 – Net Assets

Temporarily restricted net assets were available for the following purposes:

	December 31, 2015	2014
Community Development Financial Institution lending	**$ 807,010**	$ 2,046,757
Small Business Administration Microloan lending	**50,000**	-
Turtle Creek Development	**20,056**	100,000
Totals	**$ 877,066**	$ 2,146,757

Temporarily restricted net assets are made up of the following:

	December 31, 2015	2014
Cash, restricted	**$ 827,066**	$ 1,456,757
Grants receivable, restricted	**50,000**	690,000
Totals	**$ 877,066**	$ 2,146,757

Net assets released from restrictions by incurring expenses satisfying the restricted purpose were as follows:

	December 31, 2015	2014
Community Development Financial Institution lending	**$ 1,239,747**	$ 1,108,600
Housing grants and loan programs	**128,999**	481,764
Totals	**$ 1,368,746**	$ 1,590,364

At December 31, 2015, the Corporation has $3,125 in designated unrestricted net assets. The Corporation is the holder of a $250,000 loan, included in Notes Receivable at December 31, 2015. 75% of this loan's balance is guaranteed by the Small Business Administration (SBA), with the remaining 25% being unguaranteed. As part of its guarantee agreement, the SBA requires the Corporation to maintain cash, in a separate account, equal to 5% of the unguaranteed portion of the loan. At December 31, 2015, the balance of this cash account is $3,125.

Note 9 – Employee Retirement Plans

The Corporation sponsors a defined contribution retirement plan with Section 401(k) provisions. The plan is available to substantially all of the company's employees. The plan provides for participating employees to make salary reduction (elective deferral) contributions from their compensation into the plan with the Corporation making a discretionary matching employer contribution. The Corporation made no discretionary matching employer contributions for the years ended December 31, 2015 and 2014.

Note 10 – Contingencies

The Corporation is involved in various legal matters arising during the normal course of business. Management, after consulting legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Corporation.

Note 11 – Other Commitments

The Corporation maintains a $1,000,000 unsecured line of credit with Hancock Bank. It bears a variable interest rate currently at 4.00% and expires April 5, 2016. At December 31, 2015 and 2014, the outstanding loan balance on this line of credit was $0 and $0, respectively.

Note 12 – Grants Payable

Grants authorized but unpaid at year-end are reported as liabilities. Grants to be paid in more than one year are discounted using a rate of 4%. The following is a summary of grants authorized and payable at December 31, 2015:

To be paid in 2016	$ 135,600
To be paid in 2017	135,600
To be paid in 2018	135,600
To be paid in 2019	135,600
To be paid in more than five years	535,243
Less discount on long-term grants	(298,502)
Net grants authorized but unpaid	$ 779,141

Note 13 – Notes Payable
A summary of notes payable as of December 31, 2015, is as follows:

Opportunity Finance Network, originated in January 2014 in the amount of $500,000; interest at 4.25% per annum; unsecured; quarterly interest only payments; matures December 31, 2018 with all unpaid principal and interest due	$	**500,000**
Federal Home Loan Bank, originated in September 2014 in the amount of $1,000,000; interest at 2.57% per annum for 10 years with a balloon payment on January 2, 2025; secured by 1st mortgages; monthly installments of $3,989		**977,592**
Federal Home Loan Bank, originated in April 2015 in the amount of $1,000,000; interest at 2.33% per annum for 10 years with a balloon payment on May 1, 2025; secured by 1st mortgages; monthly installments of $3,865		**984,529**
Woodforest National Bank, originated in May 2015 in the amount of $200,000; interest at 4.0% per annum; maturity May 15, 2017; secured by commercial loans; monthly interest payments, quarterly principal varies		**130,603**
Federal Home Loan Bank, originated in June 2015 in the amount of $1,000,000; interest at 2.93% per annum for 10 years with a balloon payment on July 1, 2025; secured by 1st mortgages; monthly installments of $4,179		**989,516**
Federal Home Loan Bank, originated in August 2015 in the amount of $2,000,000; interest at 2.662% per annum for 10 years with a balloon payment on September 2, 2025; secured by 1st mortgages; monthly installments of $8,072		**1,985,411**
Federal Home Loan Bank, originated in December 2015 in the amount of $1,000,000; interest at 2.721% per annum for 10 years with a balloon payment on January 2, 2026; secured by 1st mortgages; monthly installments of $4,068		**1,000,000**
Debt issue costs		**(1,205)**
Total notes payable		**6,566,446**
Less current portion		**197,716**
Notes payable, long-term portion	**$**	**6,368,730**

The schedule of maturities of notes payable at December 31, 2015 is as follows:

December 31,		**Amount**
2016	**$**	**197,716**
2017		**203,099**
2018		**640,278**
2019		**145,266**
2020		**149,150**
Thereafter		**5,230,937**
Total	**$**	**6,566,446**

Interest totaled $103,167 and $19,438, for the years ended December 31, 2015 and 2014, respectively.

Note 14 – Investment in Unconsolidated Affiliate
On December 22, 2011, the Corporation, through its wholly owned subsidiary Bridge Development, LLC, acquired 33.001% of the existing membership units in Lamey Bridge Senior Development, LLC, (LBSD) a Mississippi Limited Liability Company. The Corporation accounts for its investment in this unconsolidated affiliate by the equity method. The Corporation records its share of earnings (loss) in the Statements of Activities as "Equity in earnings of affiliate" and the carrying value of the Corporation's investment is recorded in the Statements of Financial Position as "Equity in net assets of affiliate". As of the years ended December 31, 2015 and 2014, the Corporation's investment in LBSD is valued at $2,448,577 and $2,856,342, respectively. Also, a gain (loss) of $(116,305) and $(258,088) has been recognized for the years ended December 31, 2015 and 2014, respectively.

The following is a synopsis of LBSD's financial statements as of and for the years ended December 31, 2015 and 2014.

Lamey Bridge Senior Development, LLC Synopsis
Balance Sheet

	December 31,	
	2015	2014
Assets	**$ 12,605,298**	$ 13,294,288
Liabilities	**$ 4,692,940**	$ 4,146,158
Members' equity	**7,912,358**	9,148,130
Total liabilities and members' equity	**$ 12,605,298**	$ 13,294,288

Statement of Operations

	December 31,	
	2015	2014
Revenues	**$ 1,022,408**	$ 647,968
Operating expenses	**(1,374,834)**	(1,430,030)
Net income	**$ (352,426)**	$ (782,062)

Bridge Development, LLC, in its capacity as a member of LBSD, was a guarantor on a note payable to The First Bank in the amount of $3,600,000. The note bore interest at 4.5% and was secured by a First Deed of Trust on property. The balance of the note at December 31, 2014 was $3,465,961 and was included in total liabilities for LBSD reported in the previous paragraph. The note was completely paid off during 2015.

During 2015, Lamey Bridge Investments, LLC, a company owned 100% by the members of Lamey Bridge Senior Development, LLC, was formed to serve as the borrowing entity for LBSD. The current members of LBSD own Lamey Bridge Investments, LLC in the same percentages as they currently hold interest in LBSD. Therefore, the Corporation owns 33.001% of Lamey Bridge Investments, LLC.

On November 19, 2015 a loan in the amount of $4,576,271 was executed between Lamey Bridge Investments, LLC and The First, a National Banking Association, with the members of LBSD as the guarantors on the loan. Bridge Development, LLC, as a member of Lamey Bridge Investments, LLC, is a guarantor on its pro rate portion of the note payable to The First in the amount of $1,502,691. The entire note bears interest at 4.65% is secured by First Deed of trust on property. The balance of the note at December 31, 2015 is $4,576,271 and is included in the total liabilities of LBSD reported above.

Note 15 – Related Party Transactions

In December 2011, the Corporation executed a restricted grant agreement with Lamey Bridge Senior Development, LLC (LBSD). Bridge Development, LLC is one of the members of LBSD. Under the terms of the grant agreement, the Corporation will provide to LBSD a rental subsidy grant totaling $1,356,000, payable in equal annual installments of $135,600. As of December 31, 2015, the Corporation has recorded grants payable in the amount of $779,141 the present value of the liability.

On May 14, 2012, the Corporation entered into an agreement with Lamey Bridge Senior Development, LLC to provide the Company a $250,000 line of credit, with a variable rate of interest. LBSD is required to make monthly interest payments to the corporation. This agreement was extended three times, with the most recent agreement expiring June 16, 2016. The balance of this line of credit at December 31, 2015 and 2014 was $0 and $0, respectively.

The Corporation provides management and accounting services to Lamey Bridge Senior Development, LLC. During the year, LBSD paid the Corporation $288,614, the entire amount due for prior years. As of December 31, 2015 and 2014, $4,659 and $288,164, respectively, has been accrued as due from affiliate for those services.

Note 16 – Subsequent Events

Management has evaluated subsequent events through March 21, 2016, the date on which the financial statements were available to be issued.

Section II

Supplemental Information

Gulf Coast Renaissance Corporation
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services				Support Services	
	Home Ownership	Lending	Land Development	Community	Management & General	Total
Salaries	$ 7,115	$ 633,535	$ 67,933	$ -	$ 107,828	$ 816,411
Employee benefits	-	63,441	7,759	-	162,565	233,765
Payroll taxes	555	44,096	4,570	-	21,123	70,344
Total payroll and related expenses	7,670	741,072	80,262	-	291,516	1,120,520
Advertising	-	144,805	-	375	52,089	197,269
Bad debt	33,718	83,532	-	-	-	117,250
Business grants	-	-	-	-	2,575	2,575
Call center	600	-	-	-	-	600
Counseling fees	505	-	-	-	500	1,005
Depreciation	-	-	-	-	21,213	21,213
Donations/pledges	-	2,500	-	-	4,675	7,175
Down payment assistance amortization	511,428	1,177,506	-	-	-	1,688,934
Down payment assistance - Turtle Creek	518,392	-	-	-	-	518,392
Dues & subscriptions	-	1,240	-	-	12,882	14,122
Loan servicing fees	-	63,856	-	-	1,669	65,525
Food and beverage	-	1,551	-	-	6,278	7,829
Housing assistance grants	-	880,328	-	49,996	-	930,324
Insurance	-	33,191	-	-	25,600	58,791
Interest	-	-	-	-	103,167	103,167
Legal & professional	-	35,128	-	-	144,136	179,264
(Gain)/Loss on asset	-	(84,001)	-	-	-	(84,001)
(Gain)/Loss on foreclosure	-	136,549	-	-	-	136,549
MDA NHP Flood Insurance Program	4,020	-	-	-	-	4,020
Mortgage discount expense	-	(899,180)	-	-	-	(899,180)
Office supplies & expense	-	9,258	-	-	32,596	41,854
Postage	-	2,780	-	-	8,025	10,805
Printing	-	866	-	-	5,470	6,336
Professional development	-	6,930	-	-	7,133	14,063
Property management	-	148,229	-	-	70	148,299
Refinance costs - MyHome MyCoast	-	281,126	-	-	-	281,126
Rent	-	31,688	-	-	30,512	62,200
Rental home expense	13,296	5,707	-	-	-	19,003
Restricted grant expense	19,689	-	-	-	-	19,689
Supplies	-	9,513	-	-	12,804	22,317
Temporary housing units grant amortization	234,647	-	-	-	-	234,647
Travel	-	10,060	-	-	20,344	30,404
Utilities	-	2,288	-	-	9,009	11,297
Total functional expenses	$ 1,343,965	$ 2,826,522	$ 80,262	$ 50,371	$ 792,263	$ 5,093,383

The accompanying notes are an integral part of the financial statements.

Gulf Coast Renaissance Corporation
Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services				Support Services	
	Home Ownership	Lending	Land Development	Community	Management & General	Total
Salaries	$ 28,434	$ 584,999	$ 78,820	$ -	$ 60,746	$ 752,999
Employee benefits	-	61,183	7,853	-	64,797	133,833
Payroll taxes	1,836	41,213	5,457	-	16,715	65,221
Total payroll and related expenses	30,270	687,395	92,130	-	142,258	952,053
Advertising	-	94,953	-	1,058	43,933	139,944
Bad debt	(6,755)	431,594	-	-	-	424,839
Business grants					7,925	7,925
Call center	50	1,102	-	-	-	1,152
Counseling fees	1,550	-	-	-	500	2,050
Depreciation	-	-	-	-	20,094	20,094
Donations/pledges	-	-	-	-	3,075	3,075
Down payment assistance amortization	501,240	2,279,274	-	-	-	2,780,514
Down payment assistance - Turtle Creek	327,300	-	-	-	-	327,300
Dues & subscriptions	-	1,310	-	250	12,447	14,007
ECD/MFS Fees	-	72,090	-	-	-	72,090
Food and beverage	-	945	-	-	9,067	10,012
Housing assistance grants	609,891	375,000	-	-	-	984,891
Insurance	-	35,602	-	-	18,862	54,464
Interest	-	-	-	-	19,438	19,438
Legal & professional	-	86,414	573	-	127,142	214,129
Loss on asset	-	(68,263)	-	-	-	(68,263)
Loss on foreclosure	122,500	218,271	-	-	-	340,771
MDA NHP Flood Insurance Program	3,089	-	-	-	-	3,089
Mortgage discount expense	-	(196,724)	-	-	-	(196,724)
Office supplies & expense	-	16,945	-	-	26,091	43,036
Postage	-	5,690	-	-	4,939	10,629
Printing	-	1,559	-	-	3,234	4,793
Professional development	-	4,117	-	-	17,453	21,570
Property management	-	131,264	-	-	-	131,264
Rent	-	29,318	-	-	17,395	46,713
Repairs & maintenance	-	-	-	-	360	360
Rental home expense	-	49,018	-	-	-	49,018
Restricted grant expense	-	-	14,195	-	-	14,195
Supplies	-	3,479	-	-	8,869	12,348
Temporary housing units grant amortization	241,468	-	-	-	-	241,468
Travel	-	1,211	-	-	27,308	28,519
Utilities	-	2,346	-	-	6,841	9,187
Total functional expenses	$1,830,603	$4,263,910	$ 106,898	$ 1,308	$ 517,231	$6,719,950

The accompanying notes are an integral part of the financial statements.

Section III

Schedule of Expenditures of Federal Awards

Gulf Coast Renaissance Corporation
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of the Treasury		
Community Development Financial Institutions Program	21.020	$ 1,239,747
Total financial awards, all programs		$ 1,239,747

The following notes are an integral part of this schedule.

Note A - Basis of Presentation

The above schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Gulf Coast Renaissance Corporation under programs of the Federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization.* Because the Schedule presents only a selected portion of the operations of Gulf Coast Renaissance Corporation, it is not intended to and does not present the financial position or changes in net assets of Gulf Coast Renaissance Corporation.

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 OMB Circular A-122, *Cost Principles for Nonprofit Organziations* and Subpart "C", "Cost Sharing and Matching," of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organziations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Section IV

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

PILTZ, WILLIAMS, LAROSA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Association

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

The Board of Directors
Gulf Coast Renaissance Corporation
Gulfport, Mississippi

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 financial statements of Gulf Coast Renaissance Corporation (a non-profit organization) which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

Piltz, Williams, LaRosa & Co

Certified Public Accountants

Biloxi, Mississippi
March 21, 2016

Section V

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

PILTZ, WILLIAMS, LAROSA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Association

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

The Board of Directors
Gulf Coast Renaissance Corporation
Gulfport, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Gulf Coast Renaissance Corporation's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Gulf Coast Renaissance Corporation's major federal programs for the years ended December 31, 2015 and 2014. Gulf Coast Renaissance Corporation's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gulf Coast Renaissance Corporation'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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gulf Coast Renaissance Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Gulf Coast Renaissance Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Gulf Coast Renaissance Corporation 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 Gulf Coast Renaissance Corporation'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gulf Coast Renaissance Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Piltz, Williams, LaRosa & Co.

Certified Public Accountants

Biloxi, Mississippi
March 21, 2016

Gulf Coast Renaissance Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section 1 – Summary of Auditors' Results

Financial Statements Section

1. An unmodified opinion was issued on the financial statements.

2. The audit did not disclose any material weaknesses or reportable conditions over financial reporting.

3. The audit did not disclose any noncompliance which is material to the basic financial statements.

Federal Awards Section

4. The audit did not disclose any material weakness in internal control over major federal programs.

5. An unmodified opinion was issued on compliance for major federal programs.

6. Audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 are reported in Section 3 below.

7. The program tested as a major program was the Community Financial Institutions Program, CFDA No. 21.020.

8. The dollar threshold for distinguishing Types A and B programs was $300,000.

9. The Auditee does not qualify as a low-risk auditee.

Section 2 – Findings Relating to the Financial Statements

None

Section 3 – Findings and Questioned Costs for Federal Awards

None

Gulf Coast Renaissance Corporation
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2015

Finding 2014-1

Summary of prior audit finding: Management was not reviewing the System for Award Management database to determine if any excluded parties were awarded federal funds.

Status: Issue resolved.