

UNITY OF GREATER NEW ORLEANS, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of
UNITY of Greater New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of UNITY of Greater New Orleans, Inc. and Subsidiaries as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UNITY of Greater New Orleans, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Notes 1 and 4 to the consolidated financial statements, UNITY of Greater New Orleans, Inc. and Subsidiaries adopted FASB ASC 842, *Leases*, which resulted in the recognition of right-of-use assets and lease liabilities. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Governing Board of
UNITY of Greater New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UNITY of Greater New Orleans, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UNITY of Greater New Orleans, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

To the Governing Board of
UNITY of Greater New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries as a whole. The supplementary information contained in Schedules “1” and “2” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A.(3), is also presented for the purposes of additional analysis and is also 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*, is also presented for the purposes of additional analysis 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023, on our consideration of UNITY of Greater New Orleans, Inc. and Subsidiaries’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 UNITY of Greater New Orleans, Inc. and Subsidiaries’ 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 UNITY of Greater New Orleans, Inc. and Subsidiaries’ internal control over financial reporting and compliance.

New Orleans, Louisiana
December 26, 2023

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 4,377,152	\$ 3,256,809
Grants receivable	3,972,055	4,545,830
Tenant receivables, net	137,628	155,973
Other receivables	48,755	699,151
Prepaid expenses	323,145	247,950
Restricted cash and funded reserves	<u>900,092</u>	<u>943,247</u>
 Total current assets	 <u>9,758,827</u>	 <u>9,848,960</u>
<u>PROPERTY AND EQUIPMENT, NET</u>		
	<u>26,593,441</u>	<u>26,982,591</u>
<u>OTHER ASSETS:</u>		
Syndication costs	50,000	50,000
Right of use assets - operating leases, net	<u>161,737</u>	<u>-</u>
 Total other assets	 <u>211,737</u>	 <u>50,000</u>
 Total assets	 <u>\$ 36,564,005</u>	 <u>\$ 36,881,551</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 1,049,904	\$ 713,702
Accrued liabilities	356,623	408,032
Construction and developers fee payable	81,250	81,250
Tenant deposits	93,678	94,325
Deferred revenue	37,067	52,268
Lines of credit	100,000	170,375
Current portion of long-term debt	-	-
Current portion of operating lease liabilities	2,817	-
Payments due to subrecipients	<u>2,604,792</u>	<u>3,018,793</u>
 Total current liabilities	 <u>4,326,131</u>	 <u>4,538,745</u>
<u>LONG-TERM LIABILITIES:</u>		
Operating lease liabilities, net	158,920	-
Long-term debt, net	<u>13,845,963</u>	<u>13,703,895</u>
 Total long-term liabilities	 <u>14,004,883</u>	 <u>13,703,895</u>
 Total liabilities	 <u>18,331,014</u>	 <u>18,242,640</u>
<u>NET ASSETS:</u>		
Net assets without donor restrictions:		
Controlling interest	11,952,742	11,858,163
Non-controlling interest	4,066,179	4,397,698
Net assets with donor restrictions	<u>2,214,070</u>	<u>2,383,050</u>
 Total net assets	 <u>18,232,991</u>	 <u>18,638,911</u>
 Total liabilities and net assets	 <u>\$ 36,564,005</u>	 <u>\$ 36,881,551</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
Government grants	\$ 35,576,876	\$ -	\$ 35,576,876
Contributions	447,738	63,579	511,317
Noncash contributions	139,646	-	139,646
Rental income	1,881,746	-	1,881,746
Forgiveness of debt	426,667	-	426,667
Other revenues	299,313	-	299,313
Net assets released from restrictions	232,559	(232,559)	-
	<u>39,004,545</u>	<u>(168,980)</u>	<u>38,835,565</u>
<u>EXPENSES:</u>			
Program services	35,195,640	-	35,195,640
Supportive services:			
General and administrative	4,003,801	-	4,003,801
Fundraising	42,044	-	42,044
	<u>39,241,485</u>	<u>-</u>	<u>39,241,485</u>
Change in net assets	(236,940)	(168,980)	(405,920)
Net assets, beginning of year	<u>16,255,861</u>	<u>2,383,050</u>	<u>18,638,911</u>
Net assets, end of year	<u>\$ 16,018,921</u>	<u>\$ 2,214,070</u>	<u>\$ 18,232,991</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
Government grants	\$ 39,345,301	\$ -	\$ 39,345,301
Contributions	225,336	70,206	295,542
Noncash contributions	-	-	-
Rental income	1,836,477	-	1,836,477
Forgiveness of debt	479,967	-	479,967
Other revenues	585,832	-	585,832
Net assets released from restrictions	158,291	(158,291)	-
	<u>42,631,204</u>	<u>(88,085)</u>	<u>42,543,119</u>
<u>EXPENSES:</u>			
Program services	39,187,070	-	39,187,070
Supportive services:			
General and administrative	3,750,283	-	3,750,283
Fundraising	32,955	-	32,955
	<u>42,970,308</u>	<u>-</u>	<u>42,970,308</u>
Change in net assets	(339,104)	(88,085)	(427,189)
Net assets, beginning of year	<u>16,594,965</u>	<u>2,471,135</u>	<u>19,066,100</u>
Net assets, end of year	<u>\$ 16,255,861</u>	<u>\$ 2,383,050</u>	<u>\$ 18,638,911</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 990,523	\$ 1,069,067	\$ 23,269	\$ 2,082,859
Fringe benefits and payroll taxes	320,363	319,923	3,943	644,229
Total salaries and related expenses	<u>1,310,886</u>	<u>1,388,990</u>	<u>27,212</u>	<u>2,727,088</u>
Conferences, conventions and meetings	2,719	12,273	-	14,992
Contracts - subrecipients	20,358,820	-	-	20,358,820
Interest expense	-	31,312	-	31,312
Client assistance	11,487,505	-	-	11,487,505
Membership dues	-	3,710	-	3,710
Warehouse and moving truck expense	33,882	-	-	33,882
Miscellaneous	-	6,545	-	6,545
Property operations and maintenance	1,669,918	650,275	-	2,320,193
Occupancy	-	97,401	-	97,401
Telephone	6,496	14,084	-	20,580
Property insurance and taxes	33,989	351,076	-	385,065
Office expenses and supplies	85,600	14,082	-	99,682
Special events	-	-	14,832	14,832
Professional fees	200,128	374,101	-	574,229
Repairs and maintenance	-	35,404	-	35,404
Bad debt	5,697	-	-	5,697
Depreciation	-	1,024,548	-	1,024,548
Total functional expenses	<u>\$ 35,195,640</u>	<u>\$ 4,003,801</u>	<u>\$ 42,044</u>	<u>\$ 39,241,485</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,136,347	\$ 1,207,315	\$ 15,539	\$ 2,359,201
Fringe benefits and payroll taxes	363,816	326,764	3,142	693,722
Total salaries and related expenses	1,500,163	1,534,079	18,681	3,052,923
Conferences, conventions and meetings	3,664	7,430	-	11,094
Contracts - subrecipients	18,313,730	-	-	18,313,730
Interest expense	-	37,413	-	37,413
Client assistance	16,981,391	-	-	16,981,391
Membership dues	-	2,154	335	2,489
Warehouse and moving truck expense	33,453	-	-	33,453
Miscellaneous	83,635	8,264	-	91,899
Property operations and maintenance	1,832,061	565,256	-	2,397,317
Occupancy	-	89,845	-	89,845
Telephone	6,427	12,378	-	18,805
Property insurance and taxes	236,587	79,076	-	315,663
Office expenses and supplies	25,016	56,373	290	81,679
Special events	-	-	7,230	7,230
Professional fees	126,037	271,545	6,419	404,001
Bad debt	44,906	-	-	44,906
Depreciation	-	1,086,470	-	1,086,470
Total functional expenses	\$ 39,187,070	\$ 3,750,283	\$ 32,955	\$ 42,970,308

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (405,920)	\$ (427,189)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation expense	1,024,548	1,086,470
Amortization expense	17,771	14,691
Forgiveness of debt	(426,667)	(479,967)
Gain on disposal of assets	-	76
Bad debt	5,697	44,906
(Increase) decrease in:		
Grant receivables	573,775	773,190
Tenant receivables	12,648	(61,592)
Other receivables	650,396	952,473
Prepaid expenses	(75,195)	(31,133)
Increase (decrease) in:		
Accounts payable	336,202	332,074
Accrued liabilities	(51,409)	26,040
Tenant deposits	(647)	(21,813)
Deferred revenue	(15,201)	2,451
Payments due to subrecipients	(414,001)	(1,151,616)
	1,231,997	1,059,061
Net cash from (used in) operating activities		
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(635,398)	-
	(635,398)	-
Net cash (used in) investing activities		
<u>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</u>		
Borrowings on lines of credit	50,510	-
Repayments on lines of credit	(120,885)	(216,238)
Proceeds from long-term debt	550,964	-
Principal payments on long-term debt	-	(56,262)
	480,589	(272,500)
Net cash from (used in) financing activities		
Net increase in cash, cash equivalents, and restricted cash	1,077,188	786,561
Cash, cash equivalents, and restricted cash at beginning of year	4,200,056	3,413,495
Cash, cash equivalents, and restricted cash at end of year	\$ 5,277,244	\$ 4,200,056
Cash, cash equivalents and restricted cash as of June 30, 2023 and 2022 consist of the following:		
Cash and cash equivalents	\$ 4,377,152	\$ 3,256,809
Cash restricted for:		
Operating deficit reserve	428,406	427,948
Replacement reserve	202,181	238,618
Shelter + care overhang reserve	126,166	125,621
Supportive service reserve	52,872	52,644
Tenants' security deposits	90,467	98,416
	5,277,244	4,200,056
Total cash, cash equivalents, and restricted cash	\$ 5,277,244	\$ 4,200,056

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

UNITY of Greater New Orleans, Inc. and Subsidiaries (UNITY) is a nonprofit corporation organized under the laws of the State of Louisiana. UNITY's mission is to coordinate partnerships to reduce, end, and prevent homelessness.

The subsidiaries were formed to acquire, develop, construct, and maintain housing for very low, low, and moderate income individuals and families.

Consolidated Financial Statements

The financial statements have been consolidated to include all accounts of UNITY and subsidiaries.

UNITY's wholly owned subsidiaries include the following:

- UNITY Housing, Inc., a nonprofit Louisiana corporation
- 2222 Tulane Avenue Apartments Nonprofit, Inc. (2222 Tulane)
- 3222 Canal Street Apartments Nonprofit, Inc. (3222 Canal)
- 2101 Louisiana Apartments, LLC (2101 Louisiana), which has as its managing member, UNITY 2101 Louisiana Avenue, LLC, which has UNITY of Greater New Orleans, Inc. as its sole and managing member

The following partnership has been consolidated based on UNITY's effective control as managing member:

- 0.01% interest of 2101 Louisiana Apartments, LLC (2101 Louisiana)

All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting and Financial Reporting Framework

The consolidated financial statements of UNITY have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the UNITY is required to report information regarding its financial position and activities according to two classes of net assets:

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Financial Reporting Framework

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UNITY. These net assets may be used at the discretion of the UNITY's management and the board of directors. The revenues received in conducting the mission of UNITY are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UNITY or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include demand deposits and highly liquid investments with an initial maturity of three months or less.

Restricted Cash and Funded Reserves

Restricted cash and funded reserves consist of balances in cash accounts that are required by grant, loan, and operating agreements.

Receivables

Receivables consist of grants receivable and tenant receivables for rent and security deposits. UNITY provides an allowance for doubtful accounts based on management's estimate of the collectability of receivables. At June 30, 2023 and 2022, no allowance for grants receivable was deemed necessary by management and the allowance for tenant receivables amounted to \$164,849 and \$269,586, respectively.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

UNITY records property and equipment at cost. It is the policy of UNITY to capitalize all property and equipment with an acquisition cost in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	20-40 years
Transportation equipment	5 years
Furniture and fixtures	5-10 years

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

Leases

UNITY applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. UNITY determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that UNITY will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

UNITY has several lease contracts that include extension and termination options. UNITY applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, UNITY reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

UNITY is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. UNITY generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

UNITY determines the incremental borrowing rate of each lease by estimating the credit rating of UNITY at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Revenue Recognition

Contributions and Unconditional Promises to Give

Contributed support that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed Nonfinancial Assets

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases net assets with donor restrictions. UNITY reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense related to the donated property.

Donated Services

Volunteers have donated their time and services to UNITY during the years ended June 30, 2023 and 2022. No amounts are reflected in the consolidated financial statements for such services as they do not meet the criteria for recognition under FASB-ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

Contributed Securities

UNITY sometimes receives investments during the year as securities are donated. These donated securities are liquidated shortly after donation in line with UNITY's policy.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grant Revenues

Grant revenue is recognized as it is earned in accordance with approved agreements and contracts. Grants that contain certain compliance recapture provisions are recognized over the term of the compliance period or at the end of the compliance period, depending on the agreement.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between UNITY and the tenants of the property are operating leases.

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant accounts receivable consist of amounts due for rental income, other tenant charges and charges for damages and cleaning fees in excess of forfeited security deposits. Interest is not accrued on the tenant accounts receivable balances.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of UNITY have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs, management and general, and fundraising. Expenses related to more than one function are charged to programs, management and general, and fundraising on the basis of periodic time and expense studies.

Date of Management Review

Subsequent events have been evaluated through December 26, 2023, which is the date the consolidated financial statements were available to be issued.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: *ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842*; *ASU 2018-10, Codification Improvements to Topic 842, Leases*; *ASU 2018-11, Leases (Topic 842): Targeted Improvements*; *ASU 2018-20, Narrow-scope Improvements for Lessors*; *ASU 2019-01, Leases (Topic 842): Codification Improvements*; and *ASU 2021-09, Discount Rate for Lessees That are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. UNITY adopted these ASUs effective July 1, 2022 and utilized all of the available practical expedients.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects UNITY's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	<u>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 9,435,682	\$ 9,601,010
Less those unavailable for general expenditure within one year due to:		
Restricted cash and funded reserves	(900,092)	(943,247)
Donor restrictions lasting longer than 1 year	<u>(2,214,070)</u>	<u>(2,383,050)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,321,520</u>	<u>\$ 6,274,713</u>

Because a donor's restriction requires resources to be used in a particular manner or in a future period, UNITY must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of UNITY's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(3) SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2023 and 2022 totaled \$20,553 and \$24,862, respectively.

Non-cash financing activities for the years ended June 30, 2023 and 2022, consist of \$426,667 of annual scheduled debt forgiveness for each year by LHC, formerly LA Housing Finance Agency, for the 1602 Act of Mortgage disclosed in Note 8 and \$53,300 of forgiveness under the SBA's Paycheck Protection Loan Program in 2022.

(4) RESTRICTED CASH AND FUNDED RESERVES

Operating Reserves

In accordance with original Louisiana Housing Corporation (LHC) requirements, 2222 Tulane was required to establish an operating reserve in the initial amount of \$120,000 with funds provided through the final/close out draw through the Office of Community Development (OCD) as part of the CDBG Piggyback Program Gap Financing Loan requirements. In February 2016, the OCD closed out the subsidy layering review for 2222 Tulane with an additional requirement that the operating reserve be funded at an increased amount of \$260,000 based upon six (6) months of expenses. The OCD also imposed these requirements: (1) the operating reserve is to be held by a third-party acceptable to OCD; (2) OCD's prior written approval is required to make any withdrawal from the operating reserve balance; (3) withdrawals will be limited to covering negative surplus cash, as measured by a surplus cash computation acceptable to OCD (this computation can be made at any time, not just as of December 31st); and (4) once the reserve is no longer required by the LHC, the balance must be used to repay the GAP Financing Loan. Relative to #1 above, the Asset Manager acting on behalf of the LHC, Butler Snow LLP (formerly known as Foley & Judell, L.L.P.), had initially agreed to act as that third party. However, Butler Snow LLP has since withdrawn any pledge to act in this capacity. As of the audit completion date, an authorized signatory has not been determined or assigned.

The property ownership was transferred to 2222 Tulane Avenue Apartments Nonprofit, Inc. on January 1, 2019, for which an application of tax exemption status under IRS Section 501(c)(3) was filed in July 2023. The operating reserve funds were originally and previously maintained in the original Whitney Bank non-operating checking account managed by UNITY (herein referred to as the "2222 Tulane Cash Account"). OCD had agreed to allow maintenance of the reserve funds within the 2222 Tulane Cash Account until the new operating reserve checking account was opened. The final/close-out draw process with OCD was finalized in January 2017 when \$379,500 was deposited to the 2222 Tulane Cash Account, wherein the \$260,000 in operating reserves was funded and held. The 2222 Tulane Avenue Apartments Nonprofit, Inc. Operating Reserve account was established in December 2019 through January 2020 and then in March 2020, \$260,000 was transferred from the 2222 Tulane Cash Account into the 2222 Tulane Avenue Apartments Nonprofit, Inc. Operating Reserve account.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(4) RESTRICTED CASH AND FUNDED RESERVES (CONTINUED)

Operating Reserves (Continued)

For the years ended June 30, 2023, and 2022 the 2222 Tulane Avenue Apartments Nonprofit, Inc. Operating Reserve account had a balance of \$260,127 and \$260,163, respectively.

In accordance with the Operating Agreement, 2101 Louisiana is required to establish and maintain an Operating Deficit Reserve Account in an amount equal to the greater of \$175,000, or an amount equal to six months of operating expenses. The Operating Deficit Reserve Account shall be held in a dual signature bank account of 2101 Louisiana requiring the signature of the Managing Members and the Administrative Member. At June 30, 2023 and 2022, the Operating Deficit Reserve Account was in the amount of \$168,012 and \$167,286, respectively. The funding requirements on this account are on an annual basis at December 31, which is 2101 Louisiana's year end. The Administrative Member upon its authority, withdrew funds from the account in 2018 to make payment for specific company invoicing, which is why the account is not currently funded at \$175,000. To date, the Administrative Member has not required the account to be funded back to \$175,000.

Replacement Reserves

In accordance with the CDBG Piggyback Program Gap Financing Loan Agreement and the 1602 Replacement Reserve Agreement, 2222 Tulane is required to establish the Replacement Reserve in the initial amount of \$0 and, thereafter, in the amount of \$1,500 per month, or \$18,000 per year, commencing on the first month in which the project is placed in service (April 12, 2012). In June 2021, the amount of \$14,778 was approved by the LHC and the State Office of Community Development for withdrawal and in January 2022, the amount of \$30,443 was approved by the LHC and the State Office of Community Development for withdrawal. At June 30, 2023 and 2022, the Replacement Reserve balance amounted to \$96,968 and \$137,902, respectively. The account was fully funded to an amount reflective of the cumulative requirement to date less withdrawals, as of June 30, 2023 and 2022. Since the funding requirements on this account are on an annual basis at December 31st, which is 2222 Tulane's fiscal year end, UNITY's intent is to fully fund the account to the cumulative required amount to date by December 31st annually, less any funder approved withdrawals and provided there is adequate cash flow to complete such a transaction, as will be determined in the last week of the fiscal year.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(4) RESTRICTED CASH AND FUNDED RESERVES (CONTINUED)

Replacement Reserves (Continued)

In accordance with the Operating Agreement, 2101 Louisiana is required to establish and maintain a Replacement Reserve Account to be funded on a monthly basis commencing in the month following the month in which completion occurs at an annual rate equal to the greater of (a) \$300 per apartment unit, or (b) that required by the Permanent Lender. In March 2020, the amount of \$11,417 was approved by the Investor for withdrawal. At June 30, 2023 and 2022, the Replacement Reserve balance amounted to \$105,213 and \$100,703, respectively. This account was fully funded as of June 30, 2023 and 2022 in an amount that reflects an amount equal to the cumulative monthly requirement less any approved withdrawals.

Since the funding requirements on this account are on an annual basis at December 31st, which is 2101 Louisiana's fiscal year end, UNITY's intent is to fully fund the account to the cumulative required amount to date by December 31st annually, less any Investor approved withdrawals, and provided there is adequate cash flow to complete such a transaction, as will be determined in the last week of the fiscal year.

Shelter + Care Overhang Reserve

In accordance with Section 4.6 of the Operating Agreement, the Managing Member of 2101 Louisiana shall cause 2101 Louisiana to establish a shelter + care overhang reserve (the "Shelter + Care Overhang Reserve Account") in the amount of \$123,000. The Shelter + Care Overhang Reserve Account shall be funded in full from the Investor Member Contribution made pursuant to Section 3.4D of the Operating Agreement. If at any time during the Compliance Period the Rental Assistance Contract is not renewed, or is otherwise terminated or funding is reduced, the Managing Member shall be entitled to withdraw funds from such account with the Consent of the Administrative Member to cover any operating shortfalls and/or re-tenant the Apartment Complex, if needed. Upon the expiration of the Compliance Period, the unused balance (including any accrued interest thereon) of the Shelter + Care Overhang Reserve Account shall be released as Cash Flow and distributed in accordance with Section 9.2A of the Operating Agreement. At June 30, 2023 and 2022, the Shelter + Care Overhang Reserve Account had a balance of \$126,166 and \$125,621, respectively. This account was adequately funded at June 30, 2023 and 2022.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(4) RESTRICTED CASH AND FUNDED RESERVES (CONTINUED)

Supportive Services Reserve

In accordance with Section 4.7 of the Operating Agreement, the Managing Member of 2101 Louisiana shall cause 2101 Louisiana to establish a supportive services reserve account (the "Supportive Services Reserve Account") in the amount of \$51,610. The Supportive Services Reserve Account shall be funded in full from the Investor Member Contribution made pursuant to Section 3.4D of the Operating Agreement or other available funds. The Managing Member shall be entitled to withdraw funds from such account to fund the costs of social services required pursuant to Section 5.10 of the Operating Agreement with the Consent of the Administrative Member which shall not be unreasonably withheld, conditioned or delayed. Upon the expiration of the Compliance Period, the unused balance (including any accrued interest thereon) of the Supportive Services Reserve Account shall be released first to pay any outstanding amounts owed to The Investor Member and/or Administrative Member under any provision of the Operating Agreement, and thereafter to the Managing Member as payment of a tax credit compliance and operating deficit guaranty fee. At June 30, 2023 and 2022, the Supportive Services Reserve Account had a balance of \$52,872 and \$52,644, respectively. This account was adequately funded at June 30, 2023 and 2022.

Tenants' Security Deposits

Tenants' security deposits are held in a restricted cash account for each property. At June 30, 2023 and 2022, the total account balances were \$90,467 and \$98,293, respectively.

(5) GRANTS RECEIVABLE

Grants receivable at June 30, 2023 and 2022 consist of the following:

	2023	2022
Department of Housing and Urban Development	\$ 3,943,250	\$ 4,519,967
Department of Health and Human Services	28,805	25,863
	\$ 3,972,055	\$ 4,545,830

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(6) PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment consists of the following at June 30, 2023 and 2022:

	2023	2022
Buildings and improvements	\$ 35,733,153	\$ 35,646,425
Transportation equipment	133,954	133,954
Furniture and fixtures	1,716,269	1,716,269
	37,583,376	37,496,648
Less: accumulated depreciation	(12,588,561)	(11,564,013)
Net depreciable property and equipment	24,994,815	25,932,635
Construction in Progress	548,670	-
Land	1,049,956	1,049,956
Total property and equipment not being depreciated	1,598,626	1,049,956
Net property and equipment	\$ 26,593,441	\$ 26,982,591

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$1,024,548 and \$1,086,470, respectively.

(7) REVOLVING LINES OF CREDIT

UNITY has obtained a revolving line of credit from Hope Federal Credit Union in the amount of \$750,000 that is utilized for working capital needs. At June 30, 2022, the outstanding balance was \$70,375. There were no amounts outstanding under this line as of June 30, 2023. Interest on outstanding balance accrues at a rate equal to the Prime Rate, 8.25% as of June 30, 2023, and is payable monthly. The credit line matures on July 1, 2024, at which time any outstanding principal and accrued interest are payable in full. There were no interest costs incurred and charged to expense on the line of credit for the years ended June 30, 2023 and 2022.

Additionally, 3222 Canal, as the Borrower and UNITY, as the guarantor, has obtained a revolving line of credit from Hancock Whitney in the amount of \$1,000,000, which matures annually in December and is subject for renewal. The loan carries a variable interest rate, based on the "Prime rate for the U.S." as published by the Wall Street Journal (8.25% at June 30, 2023 and 4.75% at June 30, 2022), and the interest rate cannot be less than 4.00%. At June 30, 2023 and 2022 the outstanding balance was \$100,000.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2023 and 2022:

	2023	2022
<u>Forgivable Note Payable – UNITY</u>		
\$1,000,000 direct subsidy from Federal Home Loan Bank of Atlanta with an interest rate of 0% per annum; Principal due only upon recapture event; Note is forgivable April 2029 after maintaining compliance with the Bank's Affordable Housing Program for 15 years subsequent to completion of construction of the property located at 2101 Louisiana Avenue.	\$ 1,000,000	\$ 1,000,000
<u>Forgivable Note Payable – 3222 Canal</u>		
Note payable to Gulf Coast Housing Partnership (HOME Funds) with an interest rate of 0% per annum; Principal due only upon default under HOME regulatory agreement; Note is forgivable February 2030 after maintaining compliance for 15 years subsequent to completion of construction of the property located at 3222 Canal Street.	1,000,000	1,000,000
<u>Forgivable Note Payable – 3222 Canal</u>		
Note payable to Gulf Coast Housing Partnership (FHLB AHP) with an interest rate of 0% per annum; Principal due only upon recapture event; Note is forgivable February 2030 after maintaining compliance with the Bank's Affordable Housing Program for 15 years subsequent to completion of construction of the property located at 3222 Canal Street.	1,000,000	1,000,000
<u>Note Payable – 3222 Canal</u>		
Note payable to City of New Orleans with an interest rate of 0% per annum; Principal due only from surplus cash; Note matures upon the sale or refinancing of the project, an event of default, or 45 years from project completion.	548,670	-
<u>Forgivable Note Payable – 2222 Tulane</u>		
\$862,600 HOME award from LHC, formerly LA Housing Finance Agency with a 0% interest rate. Principal is payable annually to the extent of surplus cash approved by LHC. Due and payable upon noncompliance with the regulatory agreement or April 2046. The loan is collateralized by the property located at 2222 Tulane Avenue.	817,211	817,211

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) LONG-TERM DEBT (CONTINUED)

	<u>2023</u>	<u>2022</u>
<u>Forgivable Note Payable – 2222 Tulane</u>		
\$7,590,000 gap financing loan from State of Louisiana, Division of Administration, Office of Community Development with a 0% interest rate. Beginning July 1, 2013, annual installments of the sum of 1/3 of the first \$60,000 of surplus cash, plus 2/3 of surplus cash in excess of \$60,000. Loan matures upon default/noncompliance or December 10, 2045. The loan is collateralized by the property located at 2222 Tulane Avenue.	7,413,184	7,413,184
 <u>Forgivable Note Payable – 2222 Tulane</u>		
\$6,400,000 sub award investment agreement from LHC, formerly LA Housing Finance Agency with a 0% interest rate. The note shall mature on the earliest of (i) recapture event; (ii) default under permanent loan; (iii) June 30, 2026. Note is reduced annually over 15 years (\$426,667 per year) if no recapture event occurs. The note is collateralized by the property located at 2222 Tulane Avenue.	2,133,330	2,559,997
Total debt	13,912,395	13,790,392
Less amount due in one year	-	-
Less unamortized debt issuance costs	(66,432)	(86,497)
Total long-term debt	\$ 13,845,963	\$ 13,703,895

Interest incurred and charged to expense on the above notes totaled \$6,342 and \$17,450 for the years ended June 30, 2023 and 2022, respectively, which is included in interest expense on the consolidated statements of activities.

The aggregate maturities of long-term debt consist of the following at June 30, 2023:

2024	\$	-
Loans based on cash flow		8,352,398
Forgivable loans		5,559,997
	\$	13,912,395

Loans based on cash flow are loans whereby interest is paid out of surplus cash or available cash flow. Forgivable loans are forgivable over time or certain milestones obtained specified by the loan agreements.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(9) OPERATING LEASE

UNITY has a ground lease under a non-cancelable operating lease, which expires in March of 2052. UNITY adopted ASC 842, *Leases*, effective July 1, 2022 using the modified retrospective transition approach.

As of June 30, 2023, the Company's total right-of-use assets amounted to \$161,737. The current portion of lease liabilities amounted to \$2,817 and the non-current portion amounted to \$158,920.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term	345 months
Weighted Average Discount Rate	4.5%

The maturities of lease liabilities as of June 30, 2023 were as follows:

2024	\$ 10,000
2025	10,000
2026	10,000
2027	10,000
2028	10,000
Thereafter	237,500
Less: interest	<u>(125,763)</u>
Present value of lease liabilities	<u>\$ 161,737</u>

(10) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30th:

	<u>2023</u>	<u>2022</u>
Client assistance	\$ 227,439	\$ 369,815
Planning and coordination	-	13,235
Subgrantees	<u>1,986,631</u>	<u>2,000,000</u>
	<u>\$ 2,214,070</u>	<u>\$ 2,383,050</u>

The following net assets with donor restrictions were released from restrictions during the years ended June 30th:

	<u>2023</u>	<u>2022</u>
Client assistance	\$ 110,202	\$ 157,486
Personnel	83,455	-
Planning and coordination	17,033	805
Subgrantees	<u>21,869</u>	<u>-</u>
	<u>\$ 232,559</u>	<u>\$ 158,291</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(10) RESTRICTIONS ON NET ASSETS (CONTINUED)

UNITY participates in a number of state and federally-assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. UNITY's management believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

(11) NONCONTROLLING INTEREST

The following table reconciles the changes in net assets without donor restrictions attributable to the noncontrolling interest (investor) for 2101 Louisiana:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Net assets without donor restrictions June 30, 2021	\$ 16,594,965	\$ 11,990,825	\$ 4,604,140
Change in net assets	<u>(339,104)</u>	<u>(132,662)</u>	<u>(206,442)</u>
Net assets without donor restrictions June 30, 2022	16,255,861	11,858,163	4,397,698
Change in net assets	<u>(236,940)</u>	<u>94,579</u>	<u>(331,519)</u>
Net assets without donor restrictions June 30, 2023	<u>\$ 16,018,921</u>	<u>\$ 11,952,742</u>	<u>\$ 4,066,179</u>

(12) INCOME TAXES

UNITY and UNITY Housing, Inc. are exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and have been classified as organizations other than a private foundation under Section 509(a)(2). 2101 Louisiana Apartments, LLC is a limited liability corporation and files a separate partnership return. UNITY 2101 Louisiana Avenue, LLC (of which UNITY is the sole and managing member), the managing member for 2101 Louisiana Apartments, LLC, also files an independent return. The remaining subsidiary corporations are considered disregarded entities under IRS guidelines and therefore their operations are considered by the IRS as tax exempt under the provisions of IRC Section 501(c)(3). 3222 Canal Street Apartments Nonprofit, Inc. and 2222 Tulane Avenue Apartments Nonprofit, Inc. filed for separate tax exemptions under IRS Section 501(c)(3) in July 2023. Therefore, the activities of 3222 Canal and 2222 Tulane are reported in UNITY's annual Form 990 filing.

UNITY's evaluation as of June 30, 2023 revealed no tax positions that would have a material impact on the consolidated financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. UNITY does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the consolidated financial statements.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(13) RETIREMENT PLAN

UNITY sponsors a defined contribution retirement plan covering all employees twenty-one years or older who have worked a minimum of six months. UNITY decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The Board of Directors approved a contribution of \$98,854 and \$109,378 for the years ended June 30, 2023 and 2022, respectively.

(14) COMMITMENTS

Developer Fees

2222 Tulane, 2101 Louisiana, and 3222 Canal entered into a Co-Developer Agreement for the development of each apartment building. Included in construction and developer fee payable on the consolidated statements of financial position is \$81,250 of unpaid developer fees at June 30, 2023 and 2022.

Management Fees

2222 Tulane, 2101 Louisiana, and 3222 Canal entered into a Management Agreement with HRI Management Corporation (HRI) requiring monthly payments of the greater of \$7,500 (\$2,500 per property) or 6% of gross revenues. The term of each agreement is for one year. However, in September 2023, HRI and UNITY negotiated a deal to reduce the unpaid 3222 Canal monthly Management fees retroactively to \$2,500/month as well as all future monthly Management fees to \$2,500/month. Unpaid HRI Management fees for 2222 Tulane and 2101 Louisiana, which are included in accounts payable on the consolidated statements of financial position, amounted to \$5,380 and \$8,020 at June 30, 2023 and 2022, respectively. Additionally, unpaid HRI management fees for 3222 Canal, which are also included in the accounts payable on the consolidated statements of financial position, amounted to \$60,000 and \$39,799 at June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, HRI management fees incurred totaled \$82,649 and \$98,665, respectively, and is included in property operations and maintenance on the consolidated statements of functional expenses.

Construction

UNITY entered into a construction contract on June 13, 2023 for repairs at 3222 Canal. The total price of the contract was \$1,223,350. As of June 30, 2023, \$548,670 has been billed under the contract and \$674,680 remains.

(15) RELATED PARTY TRANSACTIONS

For the years ended June 30, 2023 and 2022, UNITY received contributions of \$34,450 and \$47,835 from board directors, respectively.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(16) BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the years ended June 30, 2023 and 2022.

(17) CONCENTRATIONS OF CREDIT RISKS

UNITY maintains its cash in bank deposit accounts at various financial institutions. The balances at times may exceed federally insured limits. At June 30, 2023 and 2022, UNITY had \$3,943,230 and \$2,737,249, respectively, of cash in excess of amounts covered by the Federal Deposit Insurance Corporation. UNITY has not experienced any losses in these accounts.

The subsidiary LLCs' operations are concentrated in the low-income real estate market. In addition, the LLCs operate in a heavily regulated environment subject to administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance authority.

(18) ECONOMIC DEPENDENCY

UNITY receives the majority of its revenue from funds provided through direct grants from the U.S. Department of Housing and Urban Development, the U.S. Department of Health and Human Services and pass-through grants through the State of Louisiana and the City of New Orleans.

The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of funds UNITY receives could be reduced significantly and have an adverse impact on its operations. As of the report date, management was not aware of any actions taken that would adversely affect the amount of funds to be received in the next fiscal year. UNITY's support through federal grants totaled approximately 92% of revenue for each of the years ended June 30, 2023 and 2022.

(19) RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

SUPPLEMENTARY INFORMATION

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2023

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments Nonprofit, Inc.	3222 Canal Apartments Nonprofit, Inc.	Eliminations	Total
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 3,578,128	\$ 45,325	\$ 135,616	\$ 611,343	\$ 6,740	\$ -	\$ 4,377,152
Grants receivable	3,423,385	-	-	-	548,670	-	3,972,055
Tenant receivables, net	-	-	40,082	16,264	81,282	-	137,628
Other receivables	38,353	-	10,402	-	-	-	48,755
Prepaid expenses	1,987	-	70,306	130,339	120,513	-	323,145
Due from affiliates	180,662	48,844	17,828	75,562	33,578	(356,474)	-
Restricted cash and funded reserves	-	-	471,286	393,008	35,798	-	900,092
Total current assets	7,222,515	94,169	745,520	1,226,516	826,581	(356,474)	9,758,827
<u>PROPERTY AND EQUIPMENT, NET</u>							
	1,278,504	105,068	7,714,271	11,434,158	6,090,981	(29,541)	26,593,441
<u>OTHER ASSETS:</u>							
Note receivable	3,355,384	-	-	-	-	(3,355,384)	-
Syndication costs	-	-	50,000	-	-	-	50,000
Investment in affiliate	865,000	-	-	-	-	(865,000)	-
Right of use assets - operating leases, net	-	-	-	-	161,737	-	161,737
Total other assets	4,220,384	-	50,000	-	161,737	(4,220,384)	211,737
Total assets	\$ 12,721,403	\$ 199,237	\$ 8,509,791	\$ 12,660,674	\$ 7,079,299	\$ (4,606,399)	\$ 36,564,005
<u>CURRENT LIABILITIES:</u>							
Accounts payable	\$ 170,459	\$ 12,351	\$ 55,061	\$ 40,133	\$ 771,900	\$ -	\$ 1,049,904
Accrued liabilities	105,887	-	102,769	57,088	90,879	-	356,623
Construction and developers fee payable	-	-	56,233	-	81,250	(56,233)	81,250
Tenant deposits	-	4,228	19,023	35,649	34,778	-	93,678
Deferred revenue	-	-	16,602	20,465	-	-	37,067
Due to affiliates	100,250	4,736	2,010	2,228	162,366	(271,590)	-
Lines of credit	-	-	-	-	100,000	-	100,000
Current portion of long-term debt	-	-	-	-	-	-	-
Current portion of operating lease liabilities	-	-	-	-	2,817	-	2,817
Payments due to subrecipients	2,596,839	-	-	7,953	-	-	2,604,792
Total current liabilities	2,973,435	21,315	251,698	163,516	1,243,990	(327,823)	4,326,131
<u>LONG-TERM LIABILITIES:</u>							
Operating lease liabilities, net	-	-	-	-	158,920	-	158,920
Long-term debt, net	997,706	-	3,327,235	10,327,736	2,548,670	(3,355,384)	13,845,963
Total long-term liabilities	997,706	-	3,327,235	10,327,736	2,707,590	(3,355,384)	14,004,883
Total liabilities	3,971,141	21,315	3,578,933	10,491,252	3,951,580	(3,683,207)	18,331,014
<u>NET ASSETS:</u>							
Net assets without donor restrictions:							
Controlling interest	6,536,192	177,922	864,679	2,169,422	3,127,719	(923,192)	11,952,742
Non-controlling interest	-	-	4,066,179	-	-	-	4,066,179
Net assets with donor restrictions	2,214,070	-	-	-	-	-	2,214,070
Total net assets	8,750,262	177,922	4,930,858	2,169,422	3,127,719	(923,192)	18,232,991
Total liabilities and net assets	\$ 12,721,403	\$ 199,237	\$ 8,509,791	\$ 12,660,674	\$ 7,079,299	\$ (4,606,399)	\$ 36,564,005

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2022

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC (as restated)	2222 Tulane Apartments Nonprofit, Inc.	3222 Canal Apartments Nonprofit, Inc.	Eliminations	Total
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 2,258,881	\$ 21,282	\$ 135,145	\$ 768,526	\$ 72,975	\$ -	\$ 3,256,809
Grants receivable	4,545,830	-	-	-	-	-	4,545,830
Tenant receivables, net	-	-	32,122	30,427	93,424	-	155,973
Other receivables	690,556	-	8,595	-	-	-	699,151
Prepaid expenses	1,856	-	67,479	94,385	84,230	-	247,950
Due from affiliates	214,991	121,897	16,781	300	34,886	(388,855)	-
Restricted cash and funded reserves	-	-	466,127	435,938	41,182	-	943,247
Total current assets	<u>7,712,114</u>	<u>143,179</u>	<u>726,249</u>	<u>1,329,576</u>	<u>326,697</u>	<u>(388,855)</u>	<u>9,848,960</u>
<u>PROPERTY AND EQUIPMENT, NET</u>							
	<u>1,390,479</u>	<u>19,511</u>	<u>8,021,881</u>	<u>11,808,449</u>	<u>5,771,812</u>	<u>(29,541)</u>	<u>26,982,591</u>
<u>OTHER ASSETS:</u>							
Note receivable	3,320,575	-	-	-	-	(3,320,575)	-
Syndication costs	-	-	50,000	-	-	-	50,000
Investment in affiliate	865,000	-	-	-	-	(865,000)	-
Right of use assets - operating leases, net	-	-	-	-	-	-	-
Total other assets	<u>4,185,575</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(4,185,575)</u>	<u>50,000</u>
Total assets	<u>\$ 13,288,168</u>	<u>\$ 162,690</u>	<u>\$ 8,798,130</u>	<u>\$ 13,138,025</u>	<u>\$ 6,098,509</u>	<u>\$ (4,603,971)</u>	<u>\$ 36,881,551</u>
<u>CURRENT LIABILITIES:</u>							
Accounts payable	\$ 162,601	\$ 6,119	\$ 34,118	\$ 139,770	\$ 371,094	\$ -	\$ 713,702
Accrued liabilities	179,398	-	99,387	68,300	60,947	-	408,032
Construction and developers fee payable	-	-	56,233	-	81,250	(56,233)	81,250
Tenant deposits	-	4,228	19,373	36,318	34,406	-	94,325
Deferred revenue	-	-	14,417	37,851	-	-	52,268
Due to affiliates	155,608	2,939	24,291	17,734	104,221	(304,793)	-
Lines of credit	70,375	-	-	-	100,000	-	170,375
Current portion of long-term debt	-	-	-	-	-	-	-
Current portion of operating lease liabilities	-	-	-	-	-	-	-
Payments due to subrecipients	3,018,793	-	-	-	-	-	3,018,793
Total current liabilities	<u>3,586,775</u>	<u>13,286</u>	<u>247,819</u>	<u>299,973</u>	<u>751,918</u>	<u>(361,026)</u>	<u>4,538,745</u>
<u>LONG-TERM LIABILITIES:</u>							
Operating lease liabilities, net	-	-	-	-	-	-	-
Long-term debt, net	995,412	-	3,287,902	10,742,171	2,000,000	(3,321,590)	13,703,895
Total long-term liabilities	<u>995,412</u>	<u>-</u>	<u>3,287,902</u>	<u>10,742,171</u>	<u>2,000,000</u>	<u>(3,321,590)</u>	<u>13,703,895</u>
Total liabilities	<u>4,582,187</u>	<u>13,286</u>	<u>3,535,721</u>	<u>11,042,144</u>	<u>2,751,918</u>	<u>(3,682,616)</u>	<u>18,242,640</u>
<u>NET ASSETS:</u>							
Net assets without donor restrictions:							
Controlling interest	6,322,931	149,404	864,711	2,095,881	3,346,591	(921,355)	11,858,163
Non-controlling interest	-	-	4,397,698	-	-	-	4,397,698
Net assets with donor restrictions	2,383,050	-	-	-	-	-	2,383,050
Total net assets	<u>8,705,981</u>	<u>149,404</u>	<u>5,262,409</u>	<u>2,095,881</u>	<u>3,346,591</u>	<u>(921,355)</u>	<u>18,638,911</u>
Total liabilities and net assets	<u>\$ 13,288,168</u>	<u>\$ 162,690</u>	<u>\$ 8,798,130</u>	<u>\$ 13,138,025</u>	<u>\$ 6,098,509</u>	<u>\$ (4,603,971)</u>	<u>\$ 36,881,551</u>

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments Nonprofit, Inc.	3222 Canal Apartments Nonprofit, Inc.	Eliminations	Total
REVENUE:							
Government grants	\$ 34,830,358	\$ 247,075	\$ 204,632	\$ 149,905	\$ 144,906	\$ -	\$ 35,576,876
Contributions	411,317	50,000	-	-	50,000	-	511,317
Noncash contributions	139,646	-	-	-	-	-	139,646
Rental income	-	-	419,938	631,316	830,492	-	1,881,746
Forgiveness of debt	-	-	-	426,667	-	-	426,667
Other revenues	308,261	60,691	2,017	17,540	1,619	(90,815)	299,313
	<u>35,689,582</u>	<u>357,766</u>	<u>626,587</u>	<u>1,225,428</u>	<u>1,027,017</u>	<u>(90,815)</u>	<u>38,835,565</u>
EXPENSES:							
Salaries	2,082,097	28,092	24,258	29,945	11,105	(92,638)	2,082,859
Fringe benefits and payroll taxes	644,226	9,141	6,148	7,081	2,070	(24,437)	644,229
Conferences, conventions and meetings	14,992	-	-	-	-	-	14,992
Contracts - subrecipients	20,358,820	-	-	-	-	-	20,358,820
Interest expense	2,294	-	40,054	5,220	18,259	(34,515)	31,312
Client assistance	11,487,505	-	-	-	-	-	11,487,505
Membership dues	3,661	-	37	12	-	-	3,710
Warehouse and moving truck expense	33,882	-	-	-	-	-	33,882
Miscellaneous	10,808	109	(4,505)	(62,612)	133	62,612	6,545
Property operations and maintenance	185,327	212,993	453,439	635,422	833,012	-	2,320,193
Occupancy	97,401	-	-	-	-	-	97,401
Telephone	20,580	-	-	-	-	-	20,580
Property insurance and taxes	-	74,914	87,603	107,915	114,633	-	385,065
Office expenses and supplies	91,486	2,228	612	2,377	2,979	-	99,682
Special events	14,832	-	-	-	-	-	14,832
Professional fees	485,299	600	30,557	14,010	43,763	-	574,229
Bad debt expense (recovery)	-	-	7,996	7,267	(9,566)	-	5,697
Depreciation and amortization	111,975	1,171	307,610	374,291	229,501	-	1,024,548
Repairs and maintenance	116	-	4,329	30,959	-	-	35,404
	<u>35,645,301</u>	<u>329,248</u>	<u>958,138</u>	<u>1,151,887</u>	<u>1,245,889</u>	<u>(88,978)</u>	<u>39,241,485</u>
Change in net assets	44,281	28,518	(331,551)	73,541	(218,872)	(1,837)	(405,920)
Net assets, beginning of year	8,705,981	149,404	5,262,409	2,095,881	3,346,591	(921,355)	18,638,911
Net assets, end of year	<u>\$ 8,750,262</u>	<u>\$ 177,922</u>	<u>\$ 4,930,858</u>	<u>\$ 2,169,422</u>	<u>\$ 3,127,719</u>	<u>\$ (922,564)</u>	<u>\$ 18,232,991</u>

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments Nonprofit, Inc.	3222 Canal Apartments Nonprofit, Inc.	Eliminations	Total
REVENUE:							
Government grants	\$ 38,561,227	\$ 249,052	\$ 186,633	\$ 158,811	\$ 189,578	\$ -	\$ 39,345,301
Contributions	295,542	-	-	-	-	-	295,542
Rental income	-	-	402,672	616,604	817,201	-	1,836,477
Forgiveness of debt	-	-	-	452,867	27,100	-	479,967
Other revenues	445,825	156,005	67,148	-	94,803	(177,949)	585,832
Total revenue	39,302,594	405,057	656,453	1,228,282	1,128,682	(177,949)	42,543,119
EXPENSES:							
Salaries	2,359,201	33,329	24,926	28,185	28,283	(114,723)	2,359,201
Fringe benefits and payroll taxes	693,702	10,650	6,205	6,775	4,801	(28,411)	693,722
Conferences, conventions and meetings	11,094	-	-	-	-	-	11,094
Contracts - subrecipients	18,313,730	-	-	-	-	-	18,313,730
Interest expense	17,288	-	40,982	7,012	7,574	(35,443)	37,413
Client assistance	16,981,391	-	-	-	-	-	16,981,391
Membership dues	2,489	-	-	-	-	-	2,489
Warehouse and moving truck expense	33,453	-	-	-	-	-	33,453
Miscellaneous	9,349	-	29,310	52,767	473	-	91,899
Property operations and maintenance	136,277	345,286	372,505	612,810	930,439	-	2,397,317
Occupancy	89,845	-	-	-	-	-	89,845
Telephone	18,805	-	-	-	-	-	18,805
Property insurance and taxes	-	53,779	76,011	79,630	106,243	-	315,663
Office expenses and supplies	71,263	1,503	1,972	3,865	3,076	-	81,679
Special events	7,230	-	-	-	-	-	7,230
Professional fees	312,456	420	16,013	23,630	51,482	-	404,001
Bad debt expense (recovery)	-	-	(12,078)	3,693	53,291	-	44,906
Depreciation and amortization	120,624	566	307,070	428,709	229,501	-	1,086,470
Total expenses	39,178,197	445,533	862,916	1,247,076	1,415,163	(178,577)	42,970,308
Change in net assets	124,397	(40,476)	(206,463)	(18,794)	(286,481)	628	(427,189)
Net assets, beginning of year	8,581,584	189,880	5,468,872	2,114,675	3,633,072	(921,983)	19,066,100
Net assets, end of year	\$ 8,705,981	\$ 149,404	\$ 5,262,409	\$ 2,095,881	\$ 3,346,591	\$ (921,355)	\$ 18,638,911

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

		<u>Martha Kegel</u> <u>Executive Director</u>
Time served	07/01/2022 - 06/30/2023	
Salary	\$	110,000
Benefits - insurance (health and dental)		12,863
Benefits - retirement		5,500
Benefits - insurance (LTD/STD/Life)		1,830
Benefits - cell phone		1,043
Registration fees		2,088
Conference travel		2,070
Membership		<u>448</u>
Total compensation, benefits, and other payments	<u>\$</u>	<u><u>135,842</u></u>

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

To the Governing Board of
UNITY of Greater New Orleans and Subsidiaries
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing 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 UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of UNITY of Greater New Orleans, Inc. and Subsidiaries' 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 or significant deficiencies may exist that were not identified.

To the Governing Board of
UNITY of Greater New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UNITY of Greater New Orleans, Inc. and Subsidiaries' 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 consolidated financial statements. 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 UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana
December 26, 2023

Erickson Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board of
UNITY of Greater New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of UNITY of Greater New Orleans, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2023. UNITY of Greater New Orleans, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, UNITY of Greater New Orleans, Inc. and Subsidiaries 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UNITY of Greater New Orleans, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

To the Governing Board of
UNITY of Greater New Orleans Inc. and Subsidiaries
New Orleans, Louisiana

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to UNITY of Greater New Orleans, Inc. and Subsidiaries' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 UNITY of Greater New Orleans, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

To the Governing Board of
UNITY of Greater New Orleans Inc. and Subsidiaries
New Orleans, Louisiana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana
December 26, 2023


Certified Public Accountants

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal AL Number	Agency or Pass-through Grantor's Number	Federal Expenditures	Subrecipient Costs	Loan Balance
U.S. Department of Housing and Urban Development					
Continuum of Care Program	14.267	various	\$ 21,471,080	\$ 18,590,973	\$ -
<i>Pass-through State of Louisiana, Louisiana Housing Corporation:</i> Continuum of Care Program	14.267	LA0001L6H092108	10,449,902	-	817,211
<i>Pass-through Metropolitan Human Services District:</i> Continuum of Care Program	14.267	LA0086L6H032013	1,168,307	288,625	-
Total Continuum of Care Program			<u>33,089,289</u>	<u>18,879,598</u>	<u>817,211</u>
Housing Voucher Cluster					
<i>Pass-through City of New Orleans:</i> Section 8 Housing Choice Vouchers Emergency Housing Vouchers Program	14.871		21,403	-	-
<i>Pass-through State of Louisiana, Louisiana Housing Corporation:</i> Section 8 Housing Choice Vouchers Emergency Housing Vouchers Program	14.871		927	-	-
Total Housing Voucher Cluster			<u>22,330</u>	<u>-</u>	<u>-</u>
Housing Opportunities for People with AIDS	14.241	various	265,634	258,534	-
COVID-19 Emergency Solutions Grant Program					
<i>Pass-through City of New Orleans:</i> COVID-19 Emergency Solutions Grant Program	14.231	various	1,118,910	417,934	-
<i>Pass-through State of Louisiana, Louisiana Housing Corporation:</i> COVID-19 Emergency Solutions Grant Program	14.231		155,261	42,866	-
Total COVID-19 Emergency Solutions Grant Program			<u>1,274,171</u>	<u>460,800</u>	<u>-</u>
Emergency Rental Assistance Program (ERAP)					
<i>Pass-through City of New Orleans:</i> Emergency Rental Assistance Program (ERAP)	21.023		10,784	-	-
<i>Pass-through State of Louisiana, Louisiana Housing Corporation:</i> Emergency Rental Assistance Program (ERAP)	21.023	HEMCVJ68Z6L4	21,206	-	-
Total Emergency Rental Assistance Program (ERAP)			<u>31,990</u>	<u>-</u>	<u>-</u>
Community Development Block Grants/State's Program					
<i>Pass-through City of New Orleans:</i> Community Development Block Grants/State's Program	14.228	K-23-128	548,670	-	548,670
<i>Pass-through State of Louisiana, Office of Community Development:</i> Community Development Block Grants/State's Program	14.228		-	-	7,413,184
Total Community Development Block Grants/State's Program			<u>548,670</u>	<u>-</u>	<u>7,961,854</u>
HOME Investment Partnerships Program (HOME)					
<i>Pass-through Gulf Coast Housing Partnership:</i> HOME Investment Partnerships Program (HOME)	14.239	2011-2012-25 HOME	-	-	1,000,000
Total U.S. Department of Housing and Urban Development			<u>35,232,084</u>	<u>19,598,932</u>	<u>9,779,065</u>
U.S. Department of Health and Human Services					
<i>Pass-through Metropolitan Human Services District:</i> Projects for Assistance in Transition from Homelessness (PATH)	93.150		146,943	-	-
Total U.S. Department of Health and Human Services			<u>146,943</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 35,379,027</u>	<u>\$ 19,598,932</u>	<u>\$ 9,779,065</u>

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of UNITY of Greater New Orleans, Inc. and Subsidiaries (UNITY) under programs of the federal government for the year ended June 30, 2023. The information in the 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 UNITY, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UNITY.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

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 allowed or are limited as to reimbursement.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by UNITY of Greater New Orleans, Inc. and Subsidiaries. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Payments to Subrecipients

Payments to subrecipients are disclosed on the schedule of expenditures of federal awards for the year ended June 30, 2023.

(3) NOTES PAYABLE – FEDERAL AWARDS

As further disclosed in Note 8 to the consolidated financial statements, UNITY of Greater New Orleans, Inc. and Subsidiaries have an outstanding gap financing loan with the State of Louisiana, Division of Administration Office of Community Development (AL No. 14.228), originating in December 2010 with a 0% interest rate and principal balance of \$7,413,184 at June 30, 2023.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

(3) NOTES PAYABLE – FEDERAL AWARDS (CONTINUED)

As further disclosed in Note 8 to the consolidated financial statements, 3222 Canal Apartments Nonprofit, Inc., a wholly-owned subsidiary, executed a promissory note bearing interest of 0% payable to Gulf Coast Housing Partnership, Inc. (HOME funds) (AL No. 14.239) with a balance of \$1,000,000 at June 30, 2023. Additionally, 3222 Canal Apartments Nonprofit, Inc. executed a promissory note bearing interest at 0% payable to the City of New Orleans from Community Development Block Grants (AL No. 14.228) with a balance of \$548,670 at June 30, 2023.

As further disclosed in Note 8 to the consolidated financial statements, 2222 Tulane Apartments Nonprofit, Inc., a wholly-owned subsidiary, executed a promissory note bearing interest of 0% payable to Louisiana Housing Corporation (AL No. 14.267) with a balance of \$817,211 at June 30, 2023.

(4) NOTES RECEIVABLE

On September 7, 2012, 2101 Louisiana Apartments, LLC, a consolidated subsidiary, executed a promissory note bearing interest of 1.5% in the amount of \$2,030,000 payable to UNITY of Greater New Orleans, Inc. There were no expenditures required to be reported on the schedule of expenditures of federal awards as AL #14.256, Neighborhood Stabilization Program 2, for the year ended June 30, 2023. This loan balance is eliminated on the consolidated statements of financial position.

(5) INDIRECT COST RATE

UNITY has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries were reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for UNITY of Greater New Orleans, Inc. and Subsidiaries expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. A management letter was not issued for the year ended June 30, 2023.
8. The program tested as a major program was AL #14.267 Continuum of Care.
9. The threshold for distinguishing Type A programs was \$1,061,190.
10. UNITY of Greater New Orleans, Inc. and Subsidiaries qualified as a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None noted

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None Noted

**SECTION II FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

None Noted

SECTION III MANAGEMENT LETTER

None Noted

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
UNITY OF GREATER NEW ORLEANS
NEW ORLEANS, LOUISIANA
FOR THE FISCAL PERIOD
JULY 1, 2022 THROUGH JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Governance of
UNITY of Greater New Orleans

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. UNITY of Greater New Orleans' management is responsible for those C/C areas identified in the SAUPs.

UNITY of Greater New Orleans has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by UNITY of Greater New Orleans to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of UNITY of Greater New Orleans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

December 26, 2023
New Orleans, Louisiana


Certified Public Accountants

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES
JULY 1, 2022 TO JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES

- 1) **Procedure:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of applying the procedure.

BOARD OR FINANCE COMMITTEE

- 2) **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of applying the procedure.

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

BANK RECONCILIATIONS

- 3) **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

- 4) **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):
- 5) **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFER) (CONTINUED)

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6) **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- 7) **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedures.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- 8) **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

- 9) **Procedure:** For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- 10) **Procedure:** For each location selected under procedure #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable
- 11) **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of applying the procedures.

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

- 12) **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 13) **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 14) **Procedure:** Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedures.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

- 15) **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1g; and
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

CONTRACTS

16) **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

PAYROLL AND PERSONNEL

- 17) **Procedure:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18) **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 19) **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- 20) **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the procedures.

ETHICS

- 21) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and
- a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

ETHICS (CONTINUED)

- b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

22) **Procedure:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: Not applicable to the Organization as it is a private non-profit.

DEBT SERVICE

23) **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

24) **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: As a private non-profit, the Organization does not need to comply with Article VII, Section 8 of the Louisiana Constitution. No exceptions were found as a result of applying the procedures.

FRAUD NOTICE

25) **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

26) **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedures.

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

27) **Procedure:** Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

28) **Procedure:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of applying the procedures.

PREVENTION OF SEXUAL HARASSMENT

29) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

30) **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

31) **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;

UNITY OF GREATER NEW ORLEANS
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

PREVENTION OF SEXUAL HARASSMENT (CONTINUED)

- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: Not applicable to the Organization as it is a private non-profit.