

UNITY OF GREATER NEW ORLEANS, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019



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

We have audited the accompanying consolidated financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UNITY of Greater New Orleans, Inc. and Subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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

Other Matters

Other 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, Unity of Greater New Orleans, Inc. and Subsidiaries adopted the Financial Accounting Standards Board’s ASU 2016-18, “*Statement of Cash Flows: Restricted Cash*” for the year ended June 30, 2020. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, 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.

December 22, 2020
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u> (as restated)
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 1,603,392	\$ 1,795,828
Grants receivable	3,746,160	2,328,187
Tenant receivables, net	74,438	30,469
Other receivables	793,593	176,668
Prepaid expenses	199,620	183,882
Restricted cash and funded reserves	<u>3,334,130</u>	<u>669,872</u>
 Total current assets	 <u>9,751,333</u>	 <u>5,184,906</u>
<u>PROPERTY AND EQUIPMENT, NET</u>		
	<u>29,173,403</u>	<u>30,292,248</u>
<u>OTHER ASSETS:</u>		
Syndication costs	50,000	50,000
Deposits	<u>6,772</u>	<u>11,000</u>
 Total other assets	 <u>56,772</u>	 <u>61,000</u>
 Total assets	 <u>\$ 38,981,508</u>	 <u>\$ 35,538,154</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 212,591	\$ 300,996
Accrued liabilities	263,187	210,579
Construction and developers fee payable	81,250	81,250
Tenant deposits	108,712	112,496
Deferred revenue	45,544	6,138
Lines of credit	70,375	70,375
Current portion of long-term debt	-	-
Payments due to subrecipients	<u>3,435,606</u>	<u>1,808,062</u>
 Total current liabilities	 <u>4,217,265</u>	 <u>2,589,896</u>
<u>LONG-TERM DEBT, NET OF</u>		
<u>CURRENT PORTION</u>	<u>15,066,535</u>	<u>15,044,409</u>
 Total liabilities	 <u>19,283,800</u>	 <u>17,634,305</u>
<u>NET ASSETS:</u>		
Net assets without donor restrictions:		
Controlling interest	12,115,808	12,427,058
Non-controlling interest	4,999,452	5,299,187
Net assets with donor restrictions	<u>2,582,448</u>	<u>177,604</u>
 Total net assets	 <u>19,697,708</u>	 <u>17,903,849</u>
 Total liabilities and net assets	 <u>\$ 38,981,508</u>	 <u>\$ 35,538,154</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
Grants - government	\$ 29,140,342	\$ -	\$ 29,140,342
Contributions	184,185	2,709,264	2,893,449
Rental income	1,758,076	-	1,758,076
Annual reduction of LHC note payable	426,667	-	426,667
Other revenues	217,826	-	217,826
Net assets released from restrictions	<u>304,420</u>	<u>(304,420)</u>	<u>-</u>
 Total revenue	 <u>32,031,516</u>	 <u>2,404,844</u>	 <u>34,436,360</u>
<u>EXPENSES:</u>			
Program services	29,948,332	-	29,948,332
Supportive services:			
General and administrative	2,664,052	-	2,664,052
Fundraising	<u>30,117</u>	<u>-</u>	<u>30,117</u>
 Total expenses	 <u>32,642,501</u>	 <u>-</u>	 <u>32,642,501</u>
 Change in net assets	 (610,985)	 2,404,844	 1,793,859
Net assets, beginning of year (restated)	<u>17,726,245</u>	<u>177,604</u>	<u>17,903,849</u>
Net assets, end of year	<u>\$ 17,115,260</u>	<u>\$ 2,582,448</u>	<u>\$ 19,697,708</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
Grants - government	\$ 26,161,467	\$ -	\$ 26,161,467
Contributions	123,179	174,040	297,219
Rental income	1,705,778	-	1,705,778
Annual reduction of LHC note payable	426,667	-	426,667
Other revenues	172,559	-	172,559
Net assets released from restrictions	175,621	(175,621)	-
Total revenue	28,765,271	(1,581)	28,763,690
<u>EXPENSES:</u>			
Program services	26,562,139	-	26,562,139
Supportive services:			
General and administrative	2,685,822	-	2,685,822
Fundraising	26,825	-	26,825
Total expenses	29,274,786	-	29,274,786
Change in net assets	(509,515)	(1,581)	(511,096)
Net assets, beginning of year (restated)	18,235,760	179,185	18,414,945
Net assets, end of year (restated)	\$ 17,726,245	\$ 177,604	\$ 17,903,849

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 934,580	\$ 945,401	\$ 8,672	\$ 1,888,653
Fringe benefits and payroll taxes	<u>277,592</u>	<u>223,365</u>	<u>2,152</u>	<u>503,109</u>
Total salaries and related expenses	<u>1,212,172</u>	<u>1,168,766</u>	<u>10,824</u>	<u>2,391,762</u>
Conferences, conventions and meetings	6,411	46,245	69	52,725
Contracts - subrecipients	15,962,829	-	-	15,962,829
Interest expense	-	27,372	-	27,372
Client assistance	10,084,098	-	-	10,084,098
Membership dues	-	518	330	848
Warehouse and moving truck expense	28,751	-	-	28,751
Miscellaneous	16,822	10,673	-	27,495
Property operations and maintenance	1,534,875	461,960	-	1,996,835
Occupancy	-	86,703	-	86,703
Telephone	8,091	12,995	-	21,086
Property insurance and taxes	201,508	67,169	-	268,677
Office expenses and supplies	20,798	50,675	3,333	74,806
Special events	-	-	13,704	13,704
Professional fees	101,487	244,380	1,857	347,724
Bad debt	43,240	95,000	-	138,240
Depreciation	<u>727,250</u>	<u>391,596</u>	<u>-</u>	<u>1,118,846</u>
Total functional expenses	<u>\$ 29,948,332</u>	<u>\$ 2,664,052</u>	<u>\$ 30,117</u>	<u>\$ 32,642,501</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 874,193	\$ 940,193	\$ 8,624	\$ 1,823,010
Fringe benefits and payroll taxes	<u>290,732</u>	<u>242,065</u>	<u>2,127</u>	<u>534,924</u>
Total salaries and related expenses	<u>1,164,925</u>	<u>1,182,258</u>	<u>10,751</u>	<u>2,357,934</u>
Conferences, conventions and meetings	7,418	41,249	-	48,667
Contracts - subrecipients	14,211,958	-	-	14,211,958
Interest expense	-	8,632	-	8,632
Client assistance	8,597,883	-	-	8,597,883
Membership dues	-	2,073	-	2,073
Warehouse and moving truck expense	27,580	-	-	27,580
Miscellaneous	13,781	5,116	-	18,897
Property operations and maintenance	1,430,057	584,108	-	2,014,165
Occupancy	-	87,505	-	87,505
Telephone	7,472	10,475	-	17,947
Property insurance and taxes	190,265	63,422	-	253,687
Office expenses and supplies	22,983	68,393	-	91,376
Special events	-	-	16,074	16,074
Professional fees	145,594	247,903	-	393,497
Bad debt	4,827	-	-	4,827
Depreciation	<u>737,396</u>	<u>384,688</u>	<u>-</u>	<u>1,122,084</u>
Total functional expenses	<u>\$ 26,562,139</u>	<u>\$ 2,685,822</u>	<u>\$ 26,825</u>	<u>\$ 29,274,786</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 1,793,859	\$ (511,096)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation expense	1,118,846	1,122,084
Amortization expense	20,554	4,548
Annual reduction in LHC note payable	(426,667)	(426,667)
Bad debt	138,240	4,827
(Increase) decrease in:		
Grant receivables	(1,417,973)	901,957
Tenant receivables	(182,209)	(5,441)
Other receivables	(616,925)	(20,491)
Prepaid expenses	(15,738)	15,698
Deposits	4,228	-
Increase (decrease) in:		
Accounts payable	(88,405)	27,149
Accrued liabilities	52,608	(84,472)
Tenant deposits	(3,784)	(5,884)
Deferred revenue	39,406	3,684
Payments due to subrecipients	1,627,544	(869,349)
Net cash from operating activities	2,043,584	156,547
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	-	(37,898)
Net cash (used in) investing activities	-	(37,898)
<u>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</u>		
Proceeds from long-term debt	475,721	-
Principal payments on long-term debt	(47,483)	(12,419)
Net cash (used in) financing activities	428,238	(12,419)
Net increase in cash, cash equivalents, and restricted cash	2,471,822	106,230
Cash, cash equivalents, and restricted cash at beginning of year	2,465,700	2,359,470
Cash, cash equivalents, and restricted cash at end of year	\$ 4,937,522	\$ 2,465,700
Cash, cash equivalents and restricted cash as of December 31, 2020 and 2019 consist of the following:		
Cash and cash equivalents	\$ 1,603,392	\$ 1,795,828
Cash restricted for:		
Fidelity	2,399,520	-
Operating deficit reserve	427,820	166,541
Replacement reserve	207,848	194,044
Shelter and care overhang reserve	125,527	125,061
Supportive service reserve	52,605	52,409
Tenants' security deposits	120,810	131,817
Total cash, cash equivalents, and restricted cash	\$ 4,937,522	\$ 2,465,700

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(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

Consolidated Financial Statements (continued)

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

The consolidated financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when incurred.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basis of Presentation

UNITY has adopted FASB Financial Accounting Standards Update 2016-14, “*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*” Under FASB ASU 2016-14, UNITY is required to report information regarding its financial position and activities according to the following net asset classifications:

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.

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, 2020 and 2019, no allowance for grants receivable was deemed necessary by management and the allowance for tenant receivables amounted to \$125,426 and \$82,186, respectively.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(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

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 in temporarily restricted net assets. UNITY reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense related to the donated property.

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.

Revenue Recognition

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.

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 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.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

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 consists 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.

Donated Services

Volunteers have donated their time and services to UNITY during the years ended June 30, 2020 and 2019. 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*.

New Accounting Pronouncement - Adopted

On November 17, 2016, FASB issued ASU 2016-18 “*Statement of Cash Flows: Restricted Cash*.” The new guidance is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement. The statement requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. UNITY has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

On August 18, 2016, FASB issued ASU 2018-08, “*Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.” The Update addresses the inconsistencies in accounting for transactions as a contribution or as an exchange transaction and determining whether a contribution is conditional. UNITY has adopted this standard. The adoption of the standard did not have a material impact on UNITY’s revenue recognition policies.

Date of Management Review

Subsequent events have been evaluated through December 22, 2020, which is the date the financial statements were available to be issued.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects UNITY's financial assets as of June 30, 2020 and 2019, 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.

	2020	2019
Financial assets, at year end	\$ 9,551,713	\$ 5,001,024
Less those unavailable for general expenditure within one year due to:		
Restricted cash and funded reserves	(3,334,130)	(669,872)
Donor restrictions	(582,488)	(177,604)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,635,095	\$ 4,153,548

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.

(3) SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2020 and 2019 totaled \$6,818 and \$8,632, respectively.

Non-cash financing activities for the years ended June 30, 2020 and 2019, 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 7.

During the year ended June 30, 2020, the Organization received a stock donation of \$2,500,000 which was immediately liquidated and converted into a money market account. This donation is included in contribution revenue on the statement of activities.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(4) RESTRICTED CASH AND FUNDED RESERVES

Operating Reserves

In accordance with original 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 (formerly known as Foley & Judell, L.L.P.) 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) is currently underway. 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. As of June 30, 2020, the 2222 Tulane Avenue Apartments Nonprofit, Inc. Operating Reserve account had a balance of \$260,135 and as of June 30, 2019, the 2222 Tulane Cash Account had a balance of \$707,817, which included the \$260,000 in operating reserves.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(4) RESTRICTED CASH AND FUNDED RESERVES (CONTINUED)

Operating Reserves (continued)

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, 2020 and 2019, the Operating Deficit Reserve Account was in the amount of \$167,162 and \$166,541, 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). At June 30, 2020 and 2019, the Replacement Reserve balance amounted to \$141,065 and \$127,565, respectively. This account was not fully funded to an amount reflective of the cumulative requirement to date, as of June 30, 2020 and 2019. Since the funding requirements on this account are on an annual basis at December 31st, which is 2222 Tulane's fiscal year end, UNITY intends to have this account fully funded to the cumulative required amount to date by December 31, 2020, less any funder approved withdrawals, of which to date there have been no withdrawals.

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. At June 30, 2020 and 2019, the Replacement Reserve balance amounted to \$66,613 and \$66,479, respectively. This account was not fully funded at June 30, 2020 and June 30, 2019 in an amount that reflects an amount equal to the cumulative monthly requirement. Since the funding requirements on this account are on an annual basis at December 31st, which is 2101 Louisiana's fiscal year end, UNITY intends to have this account fully funded to the cumulative required amount to date by December 31, 2020, less any Investor (Alliant) approved withdrawals, of which to date there have been no 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, 2020 AND 2019

(4) RESTRICTED CASH AND FUNDED RESERVES (CONTINUED)

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 and Care Overhang Reserve Account") in the amount of \$123,000. The Shelter and 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 and 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, 2020 and 2019, the Shelter and Care Overhang Reserve Account had a balance of \$125,527 and \$125,061, respectively. This account was adequately funded at June 30, 2020 and 2019.

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, 2020 and 2019, the Supportive Services Reserve Account had a balance of \$52,605 and \$52,409, respectively. This account was adequately funded at June 30, 2020 and 2019.

Tenants' Security Deposits

Tenants' security deposits are held in a restricted cash account for each property. At June 30, 2020 and 2019, the account balances of \$120,675 and \$131,817, respectively, were funded in excess of security deposit liability.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(5) GRANTS RECEIVABLE

Grants receivable at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Department of Housing and Urban Development	\$ 3,365,425	\$ 2,039,085
Department of Health and Human Services	<u>380,735</u>	<u>289,102</u>
	<u>\$ 3,746,160</u>	<u>\$ 2,328,187</u>

(6) PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 35,646,425	\$ 35,646,424
Transportation equipment	133,954	133,954
Furniture and fixtures	<u>1,700,560</u>	<u>1,700,560</u>
	37,480,939	37,480,938
Less: accumulated depreciation	<u>(9,357,492)</u>	<u>(8,238,646)</u>
Net depreciable property and equipment	28,123,447	29,242,292
Land	<u>1,049,956</u>	<u>1,049,956</u>
Net property and equipment	<u>\$ 29,173,403</u>	<u>\$ 30,292,248</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$1,118,846 and \$1,122,084, respectively.

(7) REVOLVING LINE OF CREDIT

UNITY obtained an additional 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, 2020 and 2019, the outstanding balance was \$70,375 for each year. Interest on outstanding balance accrues at a rate equal to the Prime Rate, currently 4.75%, 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, 2020 and 2019.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(8) LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2020 and 2019:

	2020	2019
<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 event of recapture; 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 apartment building 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>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.	839,716	862,600

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(8) LONG-TERM DEBT (CONTINUED)

	<u>2020</u>	<u>2019</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.	7,446,941	7,462,364
<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.	3,413,331	3,839,998
<u>PPP Loan – UNITY GNO</u>		
The Organization entered into an agreement with a Bank for a Paycheck Protection Program (PPP) Loan under the CARES Act for \$448,622. Note is forgivable May 2022. The unsecured note has an initial six-month deferral period, payable 18-month term maturing May 22, 2022.	448,622	-
<u>PPP Loan – 3222 Canal</u>		
The Organization entered into an agreement with a Bank for a Paycheck Protection Program (PPP) Loan under the CARES Act for \$27,100. Note is forgivable May 2022. The unsecured note has an initial six-month deferral period, payable 18-month term maturing May 22, 2022.	27,100	-
Total debt	15,175,710	15,164,962
Less amount due in one year	(-)	(-)
Less unamortized debt issuance costs	(109,175)	(120,553)
Total long-term debt	\$ 15,066,535	\$ 15,044,409

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(8) LONG-TERM DEBT (CONTINUED)

Interest incurred and charged to expense on the above notes totaled \$6,818 and \$8,632 for the years ended June 30, 2020 and 2019, 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:

	2021	\$	-
Loans based on cash flow			8,268,697
Forgivable loans			<u>6,889,053</u>
			<u>\$ 15,175,750</u>

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.

(9) RESTRICTIONS ON NET ASSETS

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

	<u>2020</u>		<u>2019</u>
Baronne property	\$ -	\$	4,258
Client assistance	554,916		100,162
Personnel	3,938		33,269
Planning and coordination	14,289		39,915
Subgrantees	<u>2,009,305</u>		-
	<u>\$ 2,582,448</u>	<u>\$</u>	<u>177,604</u>

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

	<u>2020</u>		<u>2019</u>
Baronne property	\$ 4,258	\$	-
Client assistance	164,141		35,269
Personnel	64,100		35,799
Planning and coordination	25,626		4,844
Subgrantees	<u>46,295</u>		<u>99,709</u>
	<u>\$ 304,420</u>	<u>\$</u>	<u>175,621</u>

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.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(10) 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>
Balance June 30, 2018 (restated)	\$ 18,235,760	\$ 12,582,774	\$ 5,652,986
Net income (loss)	<u>(509,515)</u>	<u>(155,716)</u>	<u>(353,799)</u>
Balance June 30, 2019 (restated)	\$ 17,726,245	\$ 12,427,058	\$ 5,299,187
Net income (loss)	<u>(610,985)</u>	<u>(311,250)</u>	<u>(299,735)</u>
Balance June 30, 2020	<u>\$ 17,115,260</u>	<u>\$ 12,115,808</u>	<u>\$ 4,999,452</u>

(11) 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). The remaining subsidiary LLC's, except 2101 Louisiana, are 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). Therefore, the subsidiary LLC's activities, except 2101 Louisiana, are reported in UNITY's annual Form 990 filing. 2101 Louisiana files a separate partnership return.

UNITY's evaluation as of June 30, 2020 revealed no tax positions that would have a material impact on the financial statements. The 2017 through 2019 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 financial statements.

(12) 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 \$52,010 and \$57,598 for the years ended June 30, 2020 and 2019, respectively.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(13) COMMITMENTS

Leases

UNITY leases its administrative facility under a month-to-month operating lease requiring monthly payments of \$5,420. UNITY leases warehouse space on a month-to-month basis at a monthly rate of \$900. Rental expense under these leases for the years ended June 30, 2020 and 2019 totaled \$69,442 and \$66,307, respectively, and is included in occupancy on the statement of functional expenses.

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 statement of financial position is \$81,250 of unpaid developer fees at June 30, 2020 and 2019.

Management Fees

2222 Tulane, 2101 Louisiana, and 3222 Canal entered into a Management Agreement with HRI Management Corporation 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. Unpaid management fees, which are included in accounts payable on the consolidated statements of financial position, amounted to \$4,299 and \$4,000 at June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, management fees incurred totaled \$94,002 and \$99,666, respectively, and is included in property operations and maintenance on the statement of functional expenses.

(14) RELATED PARTY TRANSACTIONS

For the years ended June 30, 2020 and 2019, UNITY received contributions of \$42,825 and \$35,900 from board directors, respectively.

(15) 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, 2020 and 2019.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(16) 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, 2020 and 2019, UNITY had \$3,725,937 and \$1,378,087, 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.

(17) 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 85% and 91% of revenue for each of the years ended June 30, 2020 and 2019, respectively.

(18) RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. UNITY is operating within social distancing guidelines. However, the future effects of these issues are unknown.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(19) NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued Update No. 2014-09, “*Revenue from Contracts with Customers*.” The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09 to annual reporting periods beginning after December 15, 2019, the FASB has issued Update No. 2015-14, “*Revenue from Contracts with Customers - Deferral of the Effective Date ASU No. 2015-14*.” The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2019, and to interim reporting periods within annual reporting periods beginning after December 15, 2020. UNITY plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, the FASB has issued Update No. 2019-10, “*Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*.” The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. UNITY plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, “*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. UNITY plans to adopt this Update as applicable by the effective date.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

(20) SUBSEQUENT EVENTS

The Organization was awarded conditional funding in the amount of \$1,223,353 from the City of New Orleans through the 2019 Notice of Funding Availability (NOFA) to assist in the development located at various scattered site locations within the Mid-City Neighborhood which will produce 109 affordable housing units (below referred to as 2019 NOFA Repairs). The funds will be used for the development/repairs of the property located at 3222 Canal Street as owned by 3222 Canal. The Organization received this award on February 28, 2020.

3222 Canal executed/established a \$1,000,000 revolving line of credit (loan) with a financial institution effective as of December 4, 2020. The loan is secured by a commercial guaranty and collateral guaranty, both also executed/established by 3222 Canal on December 4, 2020. The intended use of the loan is for the 2019 NOFA repairs and other related expenses. The loan has a maturity date of December 4, 2021.

3222 Canal will pay to the lender in one payment, all outstanding principal plus all accrued unpaid interest on the maturity date. In addition, 3222 Canal will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning January 4, 2021, with all subsequent interest payments to be due on the same day of each month after that until the loan is paid in full. The rate of interest will be at a variable rate based upon the national prime rate.

(21) PRIOR PERIOD ADJUSTMENT

The accompanying financial statements of the Organization have been restated to correct an error made in a prior year. The error relates to the incorrect appreciation of land and building value of \$135,000. Land, buildings, and total member's equity was reduced by \$135,000 as a result of this correction as of June 30, 2018.

SUPPLEMENTARY INFORMATION

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2020

	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	\$ 960,898	\$ 13,111	\$ 23,270	\$ 566,454	\$ 39,659	\$ -	\$ 1,603,392
Grants receivable	3,746,160	-	-	-	-	-	3,746,160
Tenant receivables, net	-	-	25,492	25,635	23,311	-	74,438
Other receivables	790,040	-	-	3,553	-	-	793,593
Prepaid expenses	826	-	53,850	76,428	68,516	-	199,620
Due from affiliates	188,174	189,037	58,626	62,357	43,912	(542,106)	-
Restricted cash and funded reserves	2,399,520	-	431,017	441,706	61,887	-	3,334,130
Total current assets	8,085,618	202,148	592,255	1,176,133	237,285	(542,106)	9,751,333
<u>PROPERTY AND EQUIPMENT, NET</u>							
	1,631,944	20,633	8,636,022	12,683,532	6,230,813	(29,541)	29,173,403
<u>OTHER ASSETS:</u>							
Note receivable	3,252,986	-	-	-	-	(3,252,986)	-
Syndication costs	-	-	50,000	-	-	-	50,000
Deposits	-	6,772	-	-	-	-	6,772
Investment in affiliate	865,000	-	-	-	-	(865,000)	-
Total other assets	4,117,986	6,772	50,000	-	-	(4,117,986)	56,772
Total assets	\$ 13,835,548	\$ 229,553	\$ 9,278,277	\$ 13,859,665	\$ 6,468,098	\$ (4,689,633)	\$ 38,981,508
<u>CURRENT LIABILITIES:</u>							
Accounts payable	\$ 76,813	\$ 6,926	\$ 33,591	\$ 18,446	\$ 76,815	\$ -	\$ 212,591
Accrued liabilities	114,069	-	87,417	44,595	44,929	(27,823)	263,187
Construction and developers fee payable	-	-	56,233	-	81,250	(56,233)	81,250
Tenant deposits	-	-	20,102	37,574	51,036	-	108,712
Deferred revenue	-	-	7,558	37,986	-	-	45,544
Due to affiliates	352,911	15,348	934	16,223	72,634	(458,050)	-
Lines of credit	70,375	-	-	-	-	-	70,375
Current portion of long-term debt	-	-	-	-	-	-	-
Payments due to subrecipients	3,435,606	-	-	-	-	-	3,435,606
Total current liabilities	4,049,774	22,274	205,835	154,824	326,664	(542,106)	4,217,265
<u>LONG-TERM DEBT, NET</u>							
	1,439,447	-	3,208,219	11,644,755	2,027,100	(3,252,986)	15,066,535
Total liabilities	5,489,221	22,274	3,414,054	11,799,579	2,353,764	(3,795,092)	19,283,800
<u>NET ASSETS:</u>							
Net assets without donor restrictions:							
Controlling interest	5,763,879	207,279	864,771	2,060,086	4,114,334	(894,541)	12,115,808
Non-controlling interest	-	-	4,999,452	-	-	-	4,999,452
Net assets with donor restrictions	2,582,448	-	-	-	-	-	2,582,448
Total net assets	8,346,327	207,279	5,864,223	2,060,086	4,114,334	(894,541)	19,697,708
Total liabilities and net assets	\$ 13,835,548	\$ 229,553	\$ 9,278,277	\$ 13,859,665	\$ 6,468,098	\$ (4,689,633)	\$ 38,981,508

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2019

	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	\$ 875,847	\$ 10,377	\$ 19,658	\$ 771,611	\$ 118,335	\$ -	\$ 1,795,828
Grants receivable	2,328,187	-	-	-	-	-	2,328,187
Tenant receivables, net	-	-	10,794	11,975	7,700	-	30,469
Other receivables	171,247	5,421	-	-	-	-	176,668
Prepaid expenses	826	-	49,629	72,310	61,117	-	183,882
Due from affiliates	169,298	187,034	51,654	44,622	41,544	(494,152)	-
Restricted cash and funded reserves	-	-	432,022	165,712	72,138	-	669,872
Total current assets	<u>3,545,405</u>	<u>202,832</u>	<u>563,757</u>	<u>1,066,230</u>	<u>300,834</u>	<u>(494,152)</u>	<u>5,184,906</u>
<u>PROPERTY AND EQUIPMENT, NET</u>							
	<u>1,767,039</u>	<u>21,189</u>	<u>8,943,342</u>	<u>13,129,905</u>	<u>6,460,314</u>	<u>(29,541)</u>	<u>30,292,248</u>
<u>OTHER ASSETS:</u>							
Note receivable	3,219,690	-	-	-	-	(3,219,690)	-
Syndication costs	-	-	50,000	-	-	-	50,000
Deposits	-	11,000	-	-	-	-	11,000
Investment in affiliate	865,000	-	-	-	-	(865,000)	-
Total other assets	<u>4,084,690</u>	<u>11,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(4,084,690)</u>	<u>61,000</u>
Total assets	<u>\$ 9,397,134</u>	<u>\$ 235,021</u>	<u>\$ 9,557,099</u>	<u>\$ 14,196,135</u>	<u>\$ 6,761,148</u>	<u>\$ (4,608,383)</u>	<u>\$ 35,538,154</u>
<u>CURRENT LIABILITIES:</u>							
Accounts payable	\$ 100,030	\$ 11,538	\$ 64,466	\$ 26,599	\$ 98,363	\$ -	\$ 300,996
Accrued liabilities	82,490	-	77,971	36,773	39,971	(26,626)	210,579
Construction and developers fee payable	-	-	56,233	-	81,250	(56,233)	81,250
Tenant deposits	-	-	20,889	39,085	52,522	-	112,496
Deferred revenue	-	-	535	3,837	1,766	-	6,138
Due to affiliates	324,854	6,847	3,633	2,726	73,233	(411,293)	-
Lines of credit	70,375	-	-	-	-	-	70,375
Current portion of long-term debt	-	-	-	-	-	-	-
Payments due to subrecipients	1,808,062	-	-	-	-	-	1,808,062
Total current liabilities	<u>2,385,811</u>	<u>18,385</u>	<u>223,727</u>	<u>109,020</u>	<u>347,105</u>	<u>(494,152)</u>	<u>2,589,896</u>
<u>LONG-TERM DEBT, NET</u>							
	<u>1,000,000</u>	<u>-</u>	<u>3,169,384</u>	<u>12,094,715</u>	<u>2,000,000</u>	<u>(3,219,690)</u>	<u>15,044,409</u>
Total liabilities	<u>3,385,811</u>	<u>18,385</u>	<u>3,393,111</u>	<u>12,203,735</u>	<u>2,347,105</u>	<u>(3,713,842)</u>	<u>17,634,305</u>
<u>NET ASSETS:</u>							
Net assets without donor restrictions:							
Controlling interest	5,833,719	216,636	864,801	1,992,400	4,414,043	(894,541)	12,427,058
Non-controlling interest	-	-	5,299,187	-	-	-	5,299,187
Net assets with donor restrictions	177,604	-	-	-	-	-	177,604
Total net assets	<u>6,011,323</u>	<u>216,636</u>	<u>6,163,988</u>	<u>1,992,400</u>	<u>4,414,043</u>	<u>(894,541)</u>	<u>17,903,849</u>
Total liabilities and net assets	<u>\$ 9,397,134</u>	<u>\$ 235,021</u>	<u>\$ 9,557,099</u>	<u>\$ 14,196,135</u>	<u>\$ 6,761,148</u>	<u>\$ (4,608,383)</u>	<u>\$ 35,538,154</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	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:							
Grants - government	\$ 28,464,993	\$ 226,774	\$ 180,473	\$ 148,911	\$ 119,191	\$ -	\$ 29,140,342
Contributions	2,893,449	-	-	-	-	-	2,893,449
Rental income	-	-	349,182	580,614	828,280	-	1,758,076
Annual reduction of LHC note payable	-	-	-	426,667	-	-	426,667
Other revenues	282,878	25,711	21,793	-	29,837	(142,393)	217,826
	<u>31,641,320</u>	<u>252,485</u>	<u>551,448</u>	<u>1,156,192</u>	<u>977,308</u>	<u>(142,393)</u>	<u>34,436,360</u>
Total revenue							
EXPENSES:							
Salaries	1,888,653	22,824	23,060	25,491	18,684	(90,059)	1,888,653
Fringe benefits and payroll taxes	503,109	5,172	4,772	5,391	2,717	(18,052)	503,109
Conferences, conventions and meetings	52,725	-	-	-	-	-	52,725
Contracts - subrecipients	15,962,829	-	-	-	-	-	15,962,829
Interest expense	2,896	-	39,822	15,014	3,922	(34,282)	27,372
Client assistance	10,084,098	-	-	-	-	-	10,084,098
Membership dues	848	-	-	-	-	-	848
Warehouse and moving truck expense	28,751	-	-	-	-	-	28,751
Miscellaneous	10,711	248	9,720	2,256	4,560	-	27,495
Property operations and maintenance	148,984	155,649	372,045	464,624	855,533	-	1,996,835
Occupancy	86,703	-	-	-	-	-	86,703
Telephone	21,086	-	-	-	-	-	21,086
Property insurance and taxes	-	52,905	62,773	63,994	89,005	-	268,677
Office expenses and supplies	67,023	1,387	478	3,900	2,018	-	74,806
Special events	13,704	-	-	-	-	-	13,704
Professional fees	204,101	23,101	22,502	19,454	78,566	-	347,724
Bad debt expense (recovery)	95,000	-	8,721	42,008	(7,489)	-	138,240
Depreciation and amortization	135,095	556	307,320	446,374	229,501	-	1,118,846
	<u>29,306,316</u>	<u>261,842</u>	<u>851,213</u>	<u>1,088,506</u>	<u>1,277,017</u>	<u>(142,393)</u>	<u>32,642,501</u>
Total expenses							
Change in net assets	2,335,004	(9,357)	(299,765)	67,686	(299,709)	-	1,793,859
Net assets, beginning of year (as restated)	6,011,323	216,636	6,163,988	1,992,400	4,414,043	(894,541)	17,903,849
Net assets, end of year	<u>\$ 8,346,327</u>	<u>\$ 207,279</u>	<u>\$ 5,864,223</u>	<u>\$ 2,060,086</u>	<u>\$ 4,114,334</u>	<u>\$ (894,541)</u>	<u>\$ 19,697,708</u>

(See Independent Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	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:							
Grants - government	\$ 26,161,467	\$ 177,763	\$ 193,705	\$ 131,877	\$ 121,402	\$ (624,747)	\$ 26,161,467
Contributions	297,212	-	-	-	7	-	297,219
Rental income	-	-	325,623	575,386	804,769	-	1,705,778
Annual reduction of LHC note payable	-	-	-	426,667	-	-	426,667
Other revenues	263,683	49,393	17,822	(711)	4,859	(162,487)	172,559
	<u>26,722,362</u>	<u>227,156</u>	<u>537,150</u>	<u>1,133,219</u>	<u>931,037</u>	<u>(787,234)</u>	<u>28,763,690</u>
EXPENSES:							
Salaries	1,823,010	27,059	21,596	25,185	35,219	(109,059)	1,823,010
Fringe benefits and payroll taxes	534,924	4,115	5,077	5,590	5,447	(20,229)	534,924
Conferences, conventions and meetings	48,587	-	-	-	80	-	48,667
Contracts - subrecipients	14,836,705	-	-	-	-	(624,747)	14,211,958
Interest expense	-	-	39,318	(991)	3,504	(33,199)	8,632
Client assistance	8,597,883	-	-	-	-	-	8,597,883
Membership dues	2,053	-	10	10	-	-	2,073
Warehouse and moving truck expense	27,580	-	-	-	-	-	27,580
Miscellaneous	5,344	316	11,001	519	1,717	-	18,897
Property operations and maintenance	132,148	158,300	391,943	457,085	874,689	-	2,014,165
Occupancy	87,505	-	-	-	-	-	87,505
Telephone	17,947	-	-	-	-	-	17,947
Property insurance and taxes	-	38,595	80,196	54,752	80,144	-	253,687
Office expenses and supplies	79,831	951	980	4,454	5,160	-	91,376
Special events	16,074	-	-	-	-	-	16,074
Professional fees	291,140	13,181	28,419	40,076	20,681	-	393,497
Bad debt expense (recovery)	-	-	5,124	2,596	(2,893)	-	4,827
Depreciation and amortization	138,379	510	307,320	446,374	229,501	-	1,122,084
	<u>26,639,110</u>	<u>243,027</u>	<u>890,984</u>	<u>1,035,650</u>	<u>1,253,249</u>	<u>(787,234)</u>	<u>29,274,786</u>
Change in net assets	83,252	(15,871)	(353,834)	97,569	(322,212)	-	(511,096)
Net assets, beginning of year (as restated)	5,928,071	232,507	6,517,822	1,894,831	4,736,255	(894,541)	18,414,945
Net assets, end of year (as restated)	<u>\$ 6,011,323</u>	<u>\$ 216,636</u>	<u>\$ 6,163,988</u>	<u>\$ 1,992,400</u>	<u>\$ 4,414,043</u>	<u>\$ (894,541)</u>	<u>\$ 17,903,849</u>

(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, 2020

	<u>Martha Kegel</u> <u>Executive Director</u>
Time served	07/01/2019 - 06/30/2020
Salary	\$ 96,185
Benefits - insurance (health and dental)	13,610
Benefits - cell phone	2,142
Registration fees	625
Conference travel	<u>701</u>
 Total compensation, benefits, and other payments	 \$ <u><u>113,263</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, Inc. 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, 2020, 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 22, 2020.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.



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

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.

December 22, 2020
New Orleans, Louisiana

Ericksen 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

We have audited UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UNITY of Greater New Orleans, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

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, 2020.



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

Report on Internal Control Over Compliance

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

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

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

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

December 22, 2020
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA 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	\$ 16,125,726	\$ 13,726,362	\$ -
Housing Opportunities for People with AIDS	14.241	various	516,620	504,340	-
<i>Pass-through State of Louisiana, Louisiana Housing Corporation:</i>					
Continuum of Care Program	14.267	LA0001L6H091704/1805	9,615,154	-	839,716
COVID-19 Emergency Solutions Grant Program	14.231		709,437	-	-
<i>Pass-through State of Louisiana, Office of Community Development:</i>					
Community Development Block Grants/State's program	14.228		-	-	7,446,941
<i>Pass-through Metropolitan Human Services District:</i>					
Continuum of Care Program	14.267	LA0086L6H031609/1704	1,138,949	833,876	-
<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>28,105,886</u>	<u>15,064,578</u>	<u>9,286,657</u>
U.S. Department of Health and Human Services					
<i>Pass-through Metropolitan Human Services District:</i>					
Projects for Assistance in Transition from Homelessness	93.150		179,552	-	-
<i>Pass-through City of New Orleans:</i>					
Substance Abuse and Mental Health Services Administration	93.243		<u>176,941</u>	<u>131,873</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>356,493</u>	<u>131,873</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 28,462,379</u>	<u>\$ 15,196,451</u>	<u>\$ 9,286,657</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, 2020

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS* (UNIFORM GUIDANCE)

All federal grant operations of UNITY of Greater New Orleans, Inc. and Subsidiaries are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Continuum of Care (CFDA No. 14.267)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2020.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when UNITY of Greater New Orleans, Inc. and Subsidiaries have met the qualifications for the respective grants.

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, 2020.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Payable - Federal Awards

As further disclosed in Note 7 to the 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 (CFDA No. 14.228), originating in December 2010 with a 0% interest rate and principal balance of \$7,446,941 at June 30, 2020.

As further disclosed in Note 7 to the 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) with a balance of \$1,000,000 at June 30, 2020.

As further disclosed in Note 7 to the financial statements, 2222 Tulane Apartments Nonprofit, Inc., a wholly-owned subsidiary, executed a promissory note bearing interest of 0% payable to Louisiana Housing Corporation with a balance of \$839,716 at June 30, 2020.

Note 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 CFDA#14.256, Neighborhood Stabilization Program 2, for the year ended June 30, 2018. This loan balance is eliminated on the consolidated statements of financial position.

NOTE 4 – INDIRECT COST RATE

UNITY of Greater New Orleans, Inc. and Subsidiaries 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, 2020

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 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 financial statements of UNITY of Greater New Orleans, Inc. and Subsidiaries were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
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, 2020.
8. The program tested as major programs was CFDA #14.267 Continuum of Care.
9. The threshold for distinguishing Types A and B programs was \$784,844.
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, 2020

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