

**PACIERA, GAUTREAU & PRIEST, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF  
 AMERICAN INSTITUTE OF  
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SIDNEY T. SPILSBURY, C.P.A.  
 (1905-1985)  
 KEITH T. HAMILTON, C.P.A.  
 (1932-2003)  
 LEROY P. LEGENDRE, C.P.A.  
 (Retired)



March 28, 2018

Mr. Daryl G. Purpera  
 Louisiana Legislative Auditor  
 1600 North 3<sup>rd</sup> Street  
 Baton Rouge, Louisiana 70804-9397

RE: Unity of Greater New Orleans, Inc.

Dear Mr. Purpera:

As a result of the matter described below, we have reissued our audit report dated December 21, 2017 for the audit of Unity of Greater New Orleans, Inc. and Subsidiaries as of and for the year ended June 30, 2017.

Our opinion on the consolidated financial statements, previously issued on December 21, 2017, has not been modified as a result of the immaterial changes made to the consolidated financial statements, note disclosures, and supplementary information.

The following changes were made:

1. Eliminated an intercompany transaction between the parent and a subsidiary company resulting in a reduction of Grants - government revenue and Program services expenses (Contracts - subrecipients) reported on pages 5, 7, and 26.
2. Management updated its evaluation of subsequent events reported in Note 1 on Page 14.

Sincerely,

Rene G. Gautreau, CPA  
 Member

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 16 2018

REISSUE

UNITY OF GREATER NEW ORLEANS, INC.

AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS AND WITH THE UNIFORM GUIDANCE**

JUNE 30, 2017 AND 2016

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

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**INDEPENDENT AUDITOR'S 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 financial statements of UNITY of Greater New Orleans, Inc. and subsidiaries (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2017, 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.

***Auditor's 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, 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***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, 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The consolidated financial statements of UNITY of Greater New Orleans, Inc. as of June 30, 2016 were audited by other auditors whose report dated December 22, 2016, expressed an unmodified opinion on those statements.

***Other Matters***

***Other Information***

Our audit was 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" through "3" is presented for the purposes of additional analysis and is 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Paciera, Gautreau & Priest LLC*

Metairie, Louisiana

December 21, 2017 (except for Note 1, as to which the date is March 28, 2018)

**PACIERA, GAUTREAU & PRIEST, LLC  
CERTIFIED PUBLIC ACCOUNTANTS**

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalent	\$ 1,551,200	\$ 676,934
Grants receivable, net	3,108,677	3,155,979
Tenant receivables, net	33,484	99,234
Other receivables	31,330	20,248
Prepaid expenses and deposits	183,976	203,219
Restricted cash and funded reserves	<u>1,163,159</u>	<u>1,004,523</u>
 Total current assets	 <u>6,071,826</u>	 <u>5,160,137</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>		
	<u>32,631,928</u>	<u>33,651,987</u>
<b><u>OTHER ASSETS:</u></b>		
Financial fees, net	<u>104,800</u>	<u>113,684</u>
 Total Assets	 <u>\$38,808,554</u>	 <u>\$38,925,808</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable and accrued liabilities	\$ 571,936	\$ 534,889
Construction and developers fee payable	81,250	496,580
Tenant deposits	121,386	126,226
Deferred revenue	614,621	558,780
Lines of credit	220,375	517,083
Current portion of long-term debt	19,133	184,358
Payments due to subrecipients	<u>2,339,661</u>	<u>2,405,387</u>
 Total current liabilities	 <u>3,968,362</u>	 <u>4,823,303</u>
<b><u>LONG-TERM DEBT, NET OF CURRENT PORTION</u></b>		
	<u>15,947,863</u>	<u>15,925,454</u>
 Total liabilities	 <u>19,916,225</u>	 <u>20,748,757</u>
<b><u>NET ASSETS:</u></b>		
Unrestricted	.	
Controlling interest	12,685,699	11,806,075
Non-controlling interest	6,128,103	6,365,184
Temporarily restricted	<u>78,527</u>	<u>5,792</u>
 Total net assets	 <u>18,892,329</u>	 <u>18,177,051</u>
 Total liabilities and net assets	 <u>\$38,808,554</u>	 <u>\$38,925,808</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
Grants – government	\$21,177,024	\$ 0	\$21,177,024
Contributions	147,118	347,707	494,825
Rental income	1,623,744	0	1,623,744
Annual reduction of LHC note payable	426,667	0	426,667
Other revenues	416,893	0	416,893
Net assets released from restrictions	<u>274,972</u>	<u>(274,972)</u>	<u>0</u>
 Total revenue	 <u>24,066,418</u>	 <u>72,735</u>	 <u>24,139,153</u>
<b><u>EXPENSES:</u></b>			
Program services	20,270,635	0	20,270,635
Supportive services:			
General and administrative	3,125,248	0	3,125,248
Fundraising	<u>27,992</u>	<u>0</u>	<u>27,992</u>
 Total expenses	 <u>23,423,875</u>	 <u>0</u>	 <u>23,423,875</u>
 Change in nets assets	 642,543	 72,735	 715,278
Net assets, beginning of year	<u>18,171,259</u>	<u>5,792</u>	<u>18,177,051</u>
Net assets, end of year	<u>\$18,813,802</u>	<u>\$ 78,527</u>	<u>\$18,892,329</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
Grants – government	\$19,513,695	\$ 0	\$19,513,695
Contributions	137,587	26,000	163,587
Rental income	1,698,623	0	1,698,623
Annual reduction of LHC note payable	426,667	0	426,667
Other revenues	141,959	0	141,959
Net assets released from restrictions	<u>59,332</u>	<u>(59,332)</u>	<u>0</u>
 Total revenue	 <u>21,977,863</u>	 <u>(33,332)</u>	 <u>21,944,531</u>
<b><u>EXPENSES:</u></b>			
Program services	19,482,783	0	19,482,783
Supportive services:			
General and administrative	2,914,625	0	2,914,625
Fundraising	<u>56,272</u>	<u>0</u>	<u>56,272</u>
 Total expenses	 <u>22,453,680</u>	 <u>0</u>	 <u>22,453,680</u>
 Change in nets assets	 (475,817)	 (33,332)	 (509,149)
 Net assets, beginning of year	 <u>18,647,076</u>	 <u>39,124</u>	 <u>18,686,200</u>
 Net assets, end of year	 <u>\$18,171,259</u>	 <u>\$ 5,792</u>	 <u>\$18,177,051</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, 2017**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 841,690	\$ 792,179	\$16,504	\$ 1,650,373
Fringe benefits and payroll taxes	<u>236,652</u>	<u>222,732</u>	<u>4,641</u>	<u>464,025</u>
Total salaries and related expenses	<u>1,078,342</u>	<u>1,014,911</u>	<u>21,145</u>	<u>2,114,398</u>
Conferences, conventions and meetings	0	29,152	0	29,152
Contracts - subrecipients	9,642,389	0	0	9,642,389
Interest expense	2,337	26,051	0	28,388
Client assistance	7,718,590	0	0	7,718,590
Membership dues	0	1,429	0	1,429
Warehouse and moving truck expense	24,803	0	0	24,803
Miscellaneous	36,810	0	0	36,810
Property operations and maintenance	1,331,027	443,675	0	1,774,702
Occupancy	97,757	102,361	0	200,118
Property insurance and taxes	96,491	32,164	0	128,655
Office expenses and supplies	16,316	110,637	0	126,953
Other	0	0	6,847	6,847
Professional fees	142,817	251,690	0	394,507
Bad debt	82,956	0	0	82,956
Depreciation and amortization	<u>0</u>	<u>1,113,178</u>	<u>0</u>	<u>1,113,178</u>
Total functional expenses	<u>\$20,270,635</u>	<u>\$3,125,248</u>	<u>\$ 27,992</u>	<u>\$23,423,875</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, 2016

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 745,405	\$ 671,907	\$40,315	\$ 1,457,627
Fringe benefits and payroll taxes	<u>211,696</u>	<u>138,828</u>	<u>10,098</u>	<u>360,622</u>
Total salaries and related expenses	957,101	810,735	50,413	1,818,249
Conferences, conventions and meetings	8,706	18,099	0	26,805
Contracts - subrecipients	9,727,555	0	0	9,727,555
Interest expense	4,750	30,983	0	35,733
Client assistance	6,837,369	0	0	6,837,369
Membership dues	0	2,414	0	2,414
Warehouse and moving truck expense	16,751	0	0	16,751
Miscellaneous	37,933	0	0	37,933
Development costs	51,609	0	0	51,609
Property operations and maintenance	1,331,099	443,699	0	1,774,798
Occupancy	4,075	91,135	0	95,210
Property insurance and taxes	209,336	69,778	0	279,114
Office expenses and supplies	35,222	54,936	0	90,158
Other	0	0	5,859	5,859
Professional fees	251,033	280,798	0	531,831
Bad debt	10,244	0	0	10,244
Depreciation and amortization	<u>0</u>	<u>1,112,048</u>	<u>0</u>	<u>1,112,048</u>
Total functional expenses	<u>\$19,482,783</u>	<u>\$ 2,914,625</u>	<u>\$ 56,272</u>	<u>\$22,453,680</u>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 715,278	\$ (509,149)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation and amortization	1,113,178	1,112,048
Annual reduction in LHC note payable	(426,667)	(426,667)
Bad debt	78,085	10,244
(Increase) decrease in:		
Grant receivables	47,302	(379,508)
Tenant receivables	(12,335)	(1,865)
Other receivables	(11,082)	(20,248)
Prepaid expenses and deposits	19,243	(48,217)
Financing Fees	8,884	0
Increase (decrease) in:		
Accounts payable and accrued liabilities	37,047	228,879
Construction and developers fee payable	(415,330)	(480,000)
Tenant deposits	(4,840)	12,803
Deferred revenue	55,841	9,791
Payments due to subrecipients	<u>(65,726)</u>	<u>411,883</u>
Net cash from (used in) operating activities	<u>1,138,878</u>	<u>(80,006)</u>
<b><u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u></b>		
Construction in progress	0	(9,080)
Purchase of property and equipment	<u>(93,119)</u>	<u>0</u>
Net cash (used in) investing activities	<u>(93,119)</u>	<u>(9,080)</u>
<b><u>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</u></b>		
Borrowings on lines of credit	360,000	50,000
Repayments on lines of credit	(656,708)	(50,000)
Proceeds from long-term debt	464,541	0
Principal payments on long-term debt	<u>(180,690)</u>	<u>(145,324)</u>
Net cash (used in) financing activities	<u>(12,857)</u>	<u>(145,324)</u>
Net increase (decrease) in cash and cash equivalents	1,032,902	(234,410)
Cash and cash equivalents at beginning of year	<u>1,681,457</u>	<u>1,915,867</u>
Cash and cash equivalents at end of year	<u>\$2,714,359</u>	<u>\$1,681,457</u>
<b><u>Reconciliation to Statements of Financial Position:</u></b>		
Cash and cash equivalents	\$1,551,200	\$ 676,934
Restricted cash and funded reserves	<u>1,163,159</u>	<u>1,004,523</u>
	<u>\$2,714,359</u>	<u>\$1,681,457</u>

See accompanying notes to consolidated financial statements.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

UNITY of Greater New Orleans, Inc. and subsidiaries (UNITY) is a non-profit 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 as of June 30, 2017 include the following entities:

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

During UNITY's entire fiscal year of July 1, 2016 to June 30, 2017 the following other entities also existed up until their point of conversion or dissolution as noted:

- 2222 Tulane Apartments, LLC converted to 2222 Tulane Apartments, Inc., on December 28, 2016, which then converted to 2222 Tulane Avenue Apartments Nonprofit, Inc. on December 28, 2016.
- UNITY 2222 Tulane Avenue, LLC the sole and managing member of 2222 Tulane Apartments, LLC dissolved as of December 19, 2016.
- 3222 Canal Apartments, LLC converted to 3222 Canal Apartments, Inc., on December 19, 2016, which then converted to 3222 Canal Street Apartments Nonprofit, Inc. on December 19, 2016.
- UNITY 3222 Canal Street, LLC the sole and managing member of 3222 Canal Apartments, LLC dissolved on December 19, 2016.

On July 29, 2016 all assets, liabilities, net assets and ownership interests of 2222 Tulane Apartments, LLC were transferred to UNITY Housing, Inc. This had no effect on previously presented assets, liabilities, and net assets.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Consolidated Financial Statements (Cont'd)**

On July 29, 2016 all assets, liabilities, net assets and ownership interests of 3222 Canal Apartments, LLC were transferred to UNITY Housing, Inc. This had no effect on previously presented assets, liabilities and net assets.

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.

**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 reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets of the restricted class are created by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

**Cash and Cash Equivalents**

For the purpose 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.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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, 2017 and 2016, no allowance for grants receivable was deemed necessary by management and the allowance for tenant receivables amounted to \$117,635 and \$39,550, respectively.

**Property and Equipment**

UNITY records property and equipment at costs. 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	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.

**Amortization of Fees**

LHFA financing fees and tax credit fees are amortized over a ten-year period using the straight-line method. Accumulated amortization as of June 30, 2017 and 2016 amounted to \$34,031 and \$25,147, respectively. Amortization expense for the years ended June 30, 2017 and 2016 totaled \$8,883.

**Recent Accounting Standard Adopted**

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires entities to present debt issuance costs as a direct deduction from the carrying value of the related debt liability and amortization is required to be included with interest expense

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Recent Accounting Standard Adopted (Cont'd)**

in the statements of operations. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years, beginning after December 15, 2015. As a result, as of June 30, 2017 and June 30, 2016, \$82,852 and \$86,520, respectively of unamortized deferred financing costs were included in long term debt. Also, for the year ended June 30, 2017 and June 30, 2016, \$2,712 of amortization expense related to such deferred financing costs were recorded as interest expense in the statement of activities with no effect on the previously reported change in net assets. The adoption of ASU 2015-03 did not have a material impact on UNITY's financial position, activities, or cash flows.

**Revenue Recognition**

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates developed by management studies.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)  
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Donated Services**

Volunteers have donated their time and services to UNITY during the years ended June 30, 2017 and 2016. 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*.

**Subsequent Events**

Subsequent events have been evaluated through March 28, 2018, which is the date the financial statements were available to be issued.

(2) **SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest during the years ended June 30, 2017 and 2016 totaled \$28,387 and \$31,728, respectively.

Cash paid for taxes were \$-0- for both years.

Non-cash financing activities for the years ended June 30, 2017 and 2016, consist of \$426,667 of annual scheduled debt forgiveness by LHC, formerly LA Housing Finance Agency, for the 1602 Act of Mortgage disclosed in Note 6.

(3) **FUNDED RESERVES**

**Operating Reserve**

In accordance with the Community Development Block Grant (CDBG) Piggyback Program Gap Financing Loan Agreement, 2222 Tulane was required to establish an Operating Reserve in the initial amount of \$120,000. The \$120,000 was to be provided through the final/close out draw to be funded by Office of Community Development (OCD) as part of the CDBG Piggyback Program Gap Financing Loan. 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 \$260,000 based upon 6 months of expenses. The OCD also imposed these requirements:

- The operating reserve must be held by a third party acceptable to OCD (it is not acceptable for the borrower or management agent to hold the funds).
- OCD's prior written approval is required before making any withdrawal.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(3) FUNDED RESERVES (Cont'd)**

**Operating Reserve (Cont'd)**

- 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 31.
- Once the reserve is no longer required by LHC, the balance must be used to repay the Gap Financing Loan.

The final/close-out draw process with OCD was finalized in January 2017 when \$379,500 was deposited to the 2222 Tulane Whitney checking account wherein the \$260,000 in operating reserves was finally funded and is now being held. Once the 501(c)(3) status is granted to 2222 Tulane Avenue Apartments Nonprofit, Inc. and the ownership is transferred to that non-profit entity, the new checking accounts will then be opened to include the new Operating Reserve to follow the requirements cited by OCD.

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 six months of operating expenses. The Reserve account was funded by the Investor partner in December 2014. The balance as of June 30, 2017 and 2016 was \$175,678 and \$175,335, respectively. This account was adequately funded at June 30, 2017 and 2016.

**Replacement Reserve**

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, 2017 and 2016, the Replacement Reserve balance amounted to \$93,065 and \$75,065, respectively. This account was adequately funded at June 30, 2017 and 2016.

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, 2017 and 2016, the Replacement Reserve balance amounted to \$210,962 and 199,489, respectively. This account was adequately funded at June 30, 2017 and 2016.

**Tenants' Security Deposits**

Tenants' security deposits are held in a restricted cash account for each property. At June 30, 2017 and 2016, the accounts were funded in excess of security deposit liability.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)  
JUNE 30, 2017 AND 2016

**(4) GRANT RECEIVABLES**

Grant receivables at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Department of Housing and Urban Development	\$2,899,484	\$3,025,452
Department of Health and Human Services	209,193	33,213
Department of Veterans Affairs	<u>0</u>	<u>97,314</u>
	<u>\$3,108,677</u>	<u>\$3,155,979</u>

**(5) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Buildings	\$35,623,845	\$35,607,204
Transportation equipment	133,954	55,731
Furniture and fixtures	<u>1,695,241</u>	<u>1,717,209</u>
	37,453,040	37,380,144
Less: accumulated depreciation	<u>(5,996,068)</u>	<u>(4,912,193)</u>
Net depreciable property and equipment	31,456,972	32,467,951
Construction in progress	0	9,080
Land	<u>1,174,956</u>	<u>1,174,956</u>
Net property and equipment	<u>\$32,631,928</u>	<u>\$33,651,987</u>

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$1,113,178 and \$1,112,648, respectively.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)  
JUNE 30, 2017 AND 2016

**(6) LONG-TERM DEBT**

Long-term debt consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>Note Payable – UNITY</u>		
Note payable to bank, due January 2018, with a 6.8% interest rate. Monthly payments of \$3,058, including interest. Collateralized by land and building located on MLK/LaSalle.	\$19,133	\$53,491
<u>Note Payable – UNITY</u>		
Note payable to private foundation, due December 2016, with a 0% interest rate. Principal is due upon maturity. Guaranteed by Common Ground Institute for the rehabilitation of 2222 Tulane Avenue, 2101 Louisiana Apartments, LLC, and 3222 Canal Street. Grant funds were distributed directly to UNITY to create affordable housing stock. The grant payback was forgiven in its entirety.	\$0	\$150,000
<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 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 – 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.	\$7,474,783	\$7,104,606

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)  
JUNE 30, 2017 AND 2016

**(6) LONG-TERM DEBT (Cont'd)**

	<u>2017</u>	<u>2016</u>
<u>Forgivable Note Payable – 2222 Tulane</u>		
\$862,600 HOME award from LHC, formerly LA Housing Finance Agency with 0% interest rate. Principal is payable monthly 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.	\$862,600	\$862,600
<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 (1) 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.	\$4,693,332	\$5,119,999
<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 after maintaining compliance for 15 years subsequent to completion of construction of the property located at 3222 Canal Street.	\$1,000,000	\$905,636
<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 after maintaining compliance with the Bank's Affordable Housing Program for 15 years subsequent to completion of construction of the apartment located at 3222 Canal Street.	\$1,000,000	\$ 1,000,000
Total debt	\$16,049,848	\$16,196,332
Less amount due in one year	(19,133)	(184,358)
Less unamortized debt issuance costs	(82,852)	(86,520)
Total long-term debt	<u>\$15,947,863</u>	<u>\$15,925,454</u>

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 (CONTINUED)  
JUNE 30, 2017 AND 2016

(6) **LONG-TERM DEBT (Cont'd)**

Interest incurred on the above notes totaled \$13,532 and \$5,523 for the years ended June 30, 2017 and 2016, 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:

2018	\$ 19,133
Loans based on cash flow	8,337,383
Forgivable loans	<u>7,693,332</u>
	<u>\$16,049,848</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.

(7) **REVOLVING LINES 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, 2017 and 2016, the outstanding balance was \$220,375 and \$517,083, respectively. Interest on the outstanding balance accrues at a rate equal to the Prime Rate, currently 4.5%, and is payable monthly. The credit line matures on March 31, 2019, at which time any outstanding principal and accrued interest are payable in full. Interest incurred on the line of credit for the years ended June 30, 2017 and 2016 totaled \$14,855 and \$26,540, respectively, which is included in interest expense on the consolidated statements of activities.

(8) **TEMPORARILY RESTRICTED NET ASSETS AND FEDERAL AWARDS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Baronne property improvements	\$4,258	\$4,258
Client assistance	21,359	1,534
Occupancy	3,790	0
Personnel	420	0
Planning & Coordination	23,874	0
Subgrantee	<u>24,826</u>	<u>0</u>
	<u>\$78,527</u>	<u>\$5,792</u>

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Continued)  
JUNE 30, 2017 AND 2016

**(8) TEMPORARILY RESTRICTED NET ASSETS AND FEDERAL AWARDS (Cont'd)**

The following temporarily restricted net assets were released from restrictions during 2017 and 2016 due to satisfaction of donor restrictions:

	<u>2017</u>	<u>2016</u>
Client assistance	\$ 8,932	\$24,624
Canal property improvements	200,000	34,708
Occupancy	4,590	0
Personnel	10,150	0
Planning & Coordination	16,126	0
Subgrantee	<u>35,174</u>	<u>0</u>
	<u>\$274,972</u>	<u>\$59,332</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.

**(9) NONCONTROLLING INTEREST**

The following table reconciles the changes in unrestricted net assets attributable to the noncontrolling interest (investor) for 2101 Louisiana:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Balance June 30, 2015	\$18,647,076	\$11,885,633	\$6,761,443
Excess (deficit) revenues over expenses	<u>(475,817)</u>	<u>(79,558)</u>	<u>(396,259)</u>
Balance June 30, 2016	\$18,171,259	\$11,806,075	\$6,365,184
Excess (deficit) revenues over expenses	<u>642,543</u>	<u>879,624</u>	<u>(237,081)</u>
Balance June 30, 2017	<u>\$18,813,802</u>	<u>\$12,685,699</u>	<u>\$6,128,103</u>

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)  
JUNE 30, 2017 AND 2016

**(10) 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, is reported in UNITY's annual Form 990 filing, 2101 Louisiana files a separate partnership return.

UNITY's evaluation as of June 30, 2017 and 2016 revealed no tax positions that would have material impact on the financial statements. The 2014 through 2017 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.

**(11) 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 did not approve a contribution during the year ended June 30, 2016. The Board of Directors approved a contribution of \$82,671 for the year ended June 30, 2017.

**(12) COMMITMENTS**

**Leases**

UNITY leases an administrative facility under an operating lease requiring monthly payments of \$5,075 through July 31, 2017. UNITY leases warehouse space on a month-to-month basis. Rental expense for the years ended June 30, 2017 and 2016 totaled \$67,099 and \$64,833, respectively.

Future minimum rental payments are as follows for the year ending June 30;

2018	5,278
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**Developer Fees**

2222 Tulane, 2101 Louisiana, and 3222 Canal entered into 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 and \$496,580 of unpaid developer fees at June 30, 2017 and 2016, respectively.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(12) COMMITMENTS (Cont'd)**

**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 statement of financial position, amounted to \$4,484 and \$7,700 at June 30, 2017 and 2016, respectively.

**(13) RELATED PARTY TRANSACTIONS**

Various UNITY directors are employed by agencies that receive funds from UNITY.

**(14) 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, 2017 and 2016.

**(15) 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, 2017 and 2016, UNITY had \$1,918,101 and \$816,897, respectively, of cash in excess of amounts covered by the Federal Deposit Insurance Corporation. UNITY has not experienced any losses in these accounts.

The apartments' (2101 Louisiana, 2222 Tulane, and 3222 Canal Housing) operations are concentrated in the low-income real estate market. In addition, they 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.

**(16) CONTINGENCY**

The U.S. Department of Housing and Urban Development (HUD) issued the final report for its review of UNITY's 2009, 2010, and 2011 administration of the Supportive Housing Program on December 23, 2016. All findings have been resolved and are now closed.

In accordance with CDBG Piggyback Program Gap Financing Loan Agreement, 2222 Tulane is required to submit audited financial statements, including an audited calculation of surplus cash, within 120 days of calendar year end. The loan specialist at the Office of Community Development (OCD) and the compliance examiner at Louisiana Housing Corporation were both notified of the status of the audits prior to the required submittal dates and were kept up to date as they were being performed and as they were completed. The audit for 2016 is still being finalized for 2222 Tulane.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**(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 89% of revenue for both of the years ended June 30, 2017 and 2016.

**(18) FUNDRAISING EXPENSE**

Fundraising expense for special events during the years ended June 30, 2017 and 2016 were \$6,847 and \$5,859 respectively. The ratio of fundraising expense to fundraising income was 56% and 35% for years ended June 30, 2017 and 2016, respectively. This ratio was computed using actual expenses and related income on an accrual basis.

**SUPPLEMENTARY INFORMATION**

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**  
**JUNE 30, 2017**

<b>UNITY OF GREATER NEW ORLEANS, INC.</b>	<b>Unity Housing</b>	<b>3222 Canal Apartments</b>	<b>2222 Tulane Apartments</b>	<b>2101 Louisiana Apartments</b>	<b>Eliminations</b>	<b>Total</b>	
<b><u>CURRENT ASSETS:</u></b>							
Cash and cash equivalents	\$ 485,987	\$11,811	\$ 329,530	\$ 657,302	\$ 66,570	\$ 0	\$1,551,200
Grants receivable	3,108,677	0	0	0	0	0	3,108,677
Tenant receivables, net	0	0	23,068	1,332	9,084	0	33,484
Other receivables	31,330	0	0	0	0	0	31,330
Prepaid expenses and deposits	826	11,000	50,604	62,049	59,497	0	183,976
Due from affiliates	245,444	198,238	82,678	48,943	83,141	(658,444)	0
Restricted cash and funded reserves	<u>602,560</u>	<u>0</u>	<u>0</u>	<u>145,034</u>	<u>415,565</u>	<u>0</u>	<u>1,163,159</u>
Total current assets	<u>4,474,824</u>	<u>221,049</u>	<u>485,880</u>	<u>914,660</u>	<u>633,857</u>	<u>(658,444)</u>	<u>6,071,826</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>2,043,797</u>	<u>0</u>	<u>6,919,316</u>	<u>14,022,653</u>	<u>9,675,703</u>	<u>(29,541)</u>	<u>32,631,928</u>
<b><u>OTHER ASSETS:</u></b>							
Note receivable	3,154,568	0	0	0	(3,154,568)	0	0
Financing fees, net	0	0	0	24,008	80,792	0	104,800
Investment in affiliate	<u>865,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(865,000)</u>	<u>0</u>
Total other assets	<u>4,019,568</u>	<u>0</u>	<u>0</u>	<u>24,008</u>	<u>80,792</u>	<u>(4,019,568)</u>	<u>104,800</u>
Total assets	<u>\$10,538,189</u>	<u>\$221,049</u>	<u>\$7,405,196</u>	<u>\$14,961,321</u>	<u>\$10,390,352</u>	<u>\$(4,707,553)</u>	<u>\$38,808,554</u>
<b><u>CURRENT LIABILITIES:</u></b>							
Accounts payable and accrued liabilities	\$ 127,077	\$ 5,455	\$220,827	\$ 74,860	\$ 143,717	\$ 0	\$571,936
Construction and developers fee payable	0	0	81,250	0	0	0	81,250
Tenant deposits	0	0	56,071	42,307	23,008	0	121,386
Deferred revenue	614,621	0	0	0	0	0	614,621
Due to affiliates	413,000	3,100	112,950	22,716	106,678	(658,444)	0
Lines of credit	220,375	0	0	0	0	0	220,375
Current portion of long-term debt	19,133	0	0	0	0	0	19,133
Payments due to subrecipients	<u>2,339,661</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,339,661</u>
Total current liabilities	<u>3,733,867</u>	<u>8,555</u>	<u>471,098</u>	<u>139,883</u>	<u>273,403</u>	<u>(658,444)</u>	<u>3,968,362</u>
<b><u>LONG-TERM DEBT, NET</u></b>	<u>1,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>12,978,455</u>	<u>3,123,976</u>	<u>(3,154,568)</u>	<u>15,947,863</u>
Total liabilities	<u>4,733,867</u>	<u>8,555</u>	<u>2,471,098</u>	<u>13,118,338</u>	<u>3,397,379</u>	<u>(3,813,012)</u>	<u>19,916,225</u>
<b><u>NET ASSETS:</u></b>							
<b>Unrestricted</b>							
Controlling interest	5,725,795	212,494	4,934,098	1,842,983	864,870	(894,541)	12,685,699
Non-controlling interest	0	0	0	0	6,128,103	0	6,128,103
Temporarily restricted	<u>78,527</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,527</u>
Total net assets	<u>5,804,322</u>	<u>212,494</u>	<u>4,934,098</u>	<u>1,842,983</u>	<u>6,992,973</u>	<u>(894,541)</u>	<u>18,892,329</u>
Total liabilities and net assets	<u>\$10,538,189</u>	<u>\$221,049</u>	<u>\$ 7,405,196</u>	<u>\$14,961,321</u>	<u>\$10,390,352</u>	<u>\$(4,707,553)</u>	<u>\$38,808,554</u>

(See Independent Auditor's Report)

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**  
**JUNE 30, 2016**

UNITY OF GREATER NEW ORLEANS, INC.	Unity Housing	3222 Canal Apartments	2222 Tulane Apartments	2101 Louisiana Apartments	Eliminations	Total
<b><u>CURRENT ASSETS:</u></b>						
Cash and cash equivalents	\$ 252,535	\$ 1,194	\$ 72,537	\$ 323,459	\$ 27,209	\$ 676,934
Grants receivable	3,155,979	0	0	0	0	3,155,979
Tenant receivables, net	0	0	57,195	29,572	12,467	99,234
Other receivables	20,248	0	0	0	0	20,248
Prepaid expenses and deposits	826	11,000	51,252	76,898	63,243	203,219
Due from affiliates	737,398	178,587	0	0	(915,985)	0
Restricted cash and funded reserves	470,540	0	0	118,958	0	1,004,523
Total current assets	<u>4,637,526</u>	<u>190,781</u>	<u>180,984</u>	<u>548,887</u>	<u>(915,985)</u>	<u>5,160,137</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>2,054,905</u>	<u>0</u>	<u>7,185,836</u>	<u>14,469,027</u>	<u>(29,541)</u>	<u>33,651,987</u>
<b><u>OTHER ASSETS:</u></b>						
Note receivable	3,030,000	0	0	0	(3,030,000)	0
Financing fees, net	0	0	0	28,309	85,375	113,684
Investment in affiliate	865,000	0	0	0	(865,000)	0
Total other assets	<u>3,895,000</u>	<u>0</u>	<u>0</u>	<u>28,309</u>	<u>(3,895,000)</u>	<u>113,684</u>
Total assets	<u>\$10,587,431</u>	<u>\$190,781</u>	<u>\$7,366,820</u>	<u>\$15,046,223</u>	<u>\$10,575,079</u>	<u>\$38,925,808</u>
<b><u>CURRENT LIABILITIES:</u></b>						
Accounts payable and accrued liabilities	\$ 169,208	\$ 34,391	\$ 187,467	\$ 54,455	\$ 89,368	\$ 534,889
Construction and developers fee payable	0	0	496,580	99,764	86,360	496,580
Tenant deposits	0	0	55,423	44,528	26,275	126,226
Deferred revenue	558,780	0	0	0	0	558,780
Due to affiliates	178,587	5,000	385,171	16,557	144,546	0
Lines of credit	517,083	0	0	0	0	517,083
Current portion of long-term debt	184,358	0	0	0	0	184,358
Payments due to subrecipients	2,405,387	0	0	0	0	2,405,387
Total current liabilities	<u>4,013,403</u>	<u>39,391</u>	<u>1,124,641</u>	<u>215,304</u>	<u>346,549</u>	<u>4,823,303</u>
<b><u>LONG-TERM DEBT, NET</u></b>	<u>1,019,133</u>	<u>0</u>	<u>1,905,636</u>	<u>13,032,233</u>	<u>2,998,452</u>	<u>15,925,454</u>
Total liabilities	<u>5,032,536</u>	<u>39,391</u>	<u>3,030,277</u>	<u>13,247,537</u>	<u>3,345,001</u>	<u>20,748,757</u>
<b><u>NET ASSETS:</u></b>						
Unrestricted						
Controlling interest	5,549,103	151,390	4,336,543	1,798,686	864,894	11,806,075
Non-controlling interest	0	0	0	0	6,365,184	6,365,184
Temporarily restricted	5,792	0	0	0	0	5,792
Total net assets	<u>5,554,895</u>	<u>151,390</u>	<u>4,336,543</u>	<u>1,798,686</u>	<u>7,230,078</u>	<u>18,177,051</u>
Total liabilities and net assets	<u>\$10,587,431</u>	<u>\$190,781</u>	<u>\$7,366,820</u>	<u>\$15,046,223</u>	<u>\$10,575,079</u>	<u>\$38,925,808</u>

(See Independent Auditor's Report)

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**JUNE 30, 2017**

	UNITY OF GREATER NEW ORLEANS, INC.	Unity Housing	3222 Canal Apartments	2222 Tulane Apartments	2101 Louisiana Apartments	Eliminations	Total
<b>REVENUE:</b>							
Grants – government	\$21,176,225	\$262,600	\$ 871,393	\$ 130,878	\$ 292,063	\$(1,556,135)	\$21,177,024
Contributions	294,825	0	200,000	0	0	0	494,825
Rental Income	0	0	737,525	558,986	327,233	0	1,623,744
Annual reduction of LHC note payable	0	0	0	426,667	0	0	426,667
Other revenues	<u>322,558</u>	<u>78,749</u>	<u>126,268</u>	<u>0</u>	<u>35,163</u>	<u>(145,845)</u>	<u>416,893</u>
Total revenue	<u>21,793,608</u>	<u>341,349</u>	<u>1,935,186</u>	<u>1,116,531</u>	<u>654,459</u>	<u>(1,701,980)</u>	<u>24,139,153</u>
<b>EXPENSES:</b>							
Salaries	1,582,084	15,562	124,832	7,161	5,170	(84,436)	1,650,373
Fringe benefits and payroll taxes	460,652	2,081	22,476	0	0	(21,184)	464,025
Conferences, conventions and meetings	29,341	0	0	0	0	(189)	29,152
Contracts – subrecipients	11,198,524	0	0	0	0	(1,556,135)	9,642,389
Interest expense	17,192	0	7,449	2,712	41,071	(40,036)	28,388
Client assistance	7,718,590	0	0	0	0	0	7,718,590
Membership dues	1,429	0	0	0	0	0	1,429
Warehouse and moving truck expense	24,803	0	0	0	0	0	24,803
Miscellaneous	5,131	341	1,756	20,359	9,223	0	36,810
Development costs	0	0	0	0	0	0	0
Property operations and maintenance	99,127	201,778	666,473	417,591	389,733	0	1,774,702
Occupancy	92,361	33,295	10,000	0	64,462	0	200,118
Property insurance and taxes	0	0	68,776	59,879	0	0	128,655
Office expenses and supplies	110,637	10,271	2,012	2,356	1,677	0	126,953
Other	6,847	0	0	0	0	0	6,847
Professional fees	74,875	16,917	183,984	66,303	52,428	0	394,507
Bad debt	0	0	23,068	42,912	16,976	0	82,956
Depreciation and amortization	<u>122,588</u>	<u>0</u>	<u>226,805</u>	<u>452,961</u>	<u>310,824</u>	<u>0</u>	<u>1,113,178</u>
Total expenses	<u>21,544,181</u>	<u>280,245</u>	<u>1,337,631</u>	<u>1,072,234</u>	<u>891,564</u>	<u>(1,701,980)</u>	<u>23,423,875</u>
Change in net assets	249,427	61,104	597,555	44,297	(237,105)	0	715,278
Net assets, beginning of year	5,554,895	151,390	4,336,543	1,798,686	7,230,078	(894,541)	18,177,051
Contributions from non-controlling interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net assets, end of year	<u>\$ 5,804,322</u>	<u>\$212,494</u>	<u>\$4,934,098</u>	<u>\$1,842,983</u>	<u>\$6,992,973</u>	<u>\$ (894,541)</u>	<u>\$18,892,329</u>

(See Independent Auditor's Report)

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**JUNE 30, 2016**

	UNITY OF GREATER NEW ORLEANS, INC.	Unity Housing	3222 Canal Apartments	2222 Tulane Apartments	2101 Louisiana Apartments	Eliminations	Total
<b>REVENUE:</b>							
Grants – government	\$19,507,030	\$360,538	\$ 232,612	\$ 141,878	\$ 175,046	\$ (903,409)	\$19,513,695
Contributions	163,587	0	0	0	0	0	163,587
Rental Income	0	0	830,894	555,259	312,470	0	1,698,623
Annual reduction of LHC note payable	0	0	0	426,667	0	0	426,667
Other revenues	<u>249,221</u>	<u>376</u>	<u>3,787</u>	<u>0</u>	<u>347</u>	<u>(111,772)</u>	<u>141,959</u>
Total revenue	<u>19,919,838</u>	<u>360,914</u>	<u>1,067,293</u>	<u>1,123,804</u>	<u>487,863</u>	<u>(1,015,181)</u>	<u>21,944,531</u>
<b>EXPENSES:</b>							
Salaries	1,457,627	0	44,243	9,183	11,385	(64,811)	1,457,627
Fringe benefits and payroll taxes	360,622	0	10,167	1,219	1,515	(12,901)	360,622
Conferences, conventions and meetings	26,805	0	0	0	0	0	26,805
Contracts – subrecipients	10,630,964	0	0	0	0	(903,409)	9,727,555
Interest expense	21,601	66	10,227	2,792	31,497	(30,450)	35,733
Client assistance	6,837,040	100	229	0	0	0	6,837,369
Membership dues	1,634	0	780	0	0	0	2,414
Warehouse and moving truck expense	16,751	0	0	0	0	0	16,751
Miscellaneous	5,519	207	42,423	(18,860)	8,644	0	37,933
Development costs	0	0	0	0	51,609	0	51,609
Property operations and maintenance	139,340	223,078	654,129	393,525	368,196	(3,470)	1,774,798
Occupancy	85,210	0	10,000	0	0	0	95,210
Property insurance and taxes	0	54,264	82,640	84,123	58,157	(70)	279,114
Office expenses and supplies	66,318	13,351	7,469	2,792	298	(70)	90,158
Other	5,859	0	0	0	0	0	5,859
Professional fees	170,748	5,418	227,267	88,413	39,985	0	531,831
Bad debt	0	0	0	11,333	(1,089)	0	10,244
Depreciation and amortization	<u>116,083</u>	<u>0</u>	<u>230,183</u>	<u>451,817</u>	<u>313,965</u>	<u>0</u>	<u>1,112,048</u>
Total expenses	<u>19,942,121</u>	<u>296,484</u>	<u>1,319,757</u>	<u>1,026,337</u>	<u>884,162</u>	<u>(1,015,181)</u>	<u>22,453,680</u>
Change in net assets	(22,283)	64,430	(252,464)	97,467	(396,299)	0	(509,149)
Net assets, beginning of year	5,577,178	86,960	4,589,007	1,701,219	7,626,377	(894,541)	18,686,200
Contributions from non-controlling interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net assets, end of year	<u>\$ 5,554,895</u>	<u>\$151,390</u>	<u>\$4,336,543</u>	<u>\$1,798,686</u>	<u>\$7,230,078</u>	<u>\$ (894,541)</u>	<u>\$18,177,051</u>

(See Independent Auditor's 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, 2017**

	Martha Kegel <u>Executive Director</u>
Timed served	07/01/2016-06/30/2017
Salary	\$ 94,050
Benefits – health insurance	9,918
Benefits – insurance (LTD/STD/Life)	1,517
Benefits – cell phone	1,628
Benefits – retirement	4,703
Other reimbursements for business expenses	<u>4,079</u>
 Total compensation, benefits, and other payments	 <u>\$115,895</u>

**(See Independent Auditor's Report)**

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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(1905-1985)  
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(1932-2003)  
LEROY P. LEGENDRE, C.P.A.  
(Retired)

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

To the 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 non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2017, 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 21, 2017.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 its 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.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. These results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the UNITY of Greater New Orleans, Inc. and subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Paciera, Gautreau & Priest LLC*

Metairie, Louisiana  
December 21, 2017

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**INDEPENDENT AUDITOR'S 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 the UNITY of Greater New Orleans, Inc. and subsidiaries' major federal programs for the year ended June 30, 2017. UNITY of Greater New Orleans, Inc. and subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for 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.

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

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 the 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, 2017.

**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 a 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 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 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.

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

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.

*Paciera, Gautreau & Priest LLC*

Metairie, Louisiana  
December 21, 2017

**PACIERA, GAUTREAU & PRIEST, LLC  
CERTIFIED PUBLIC ACCOUNTANTS**

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Housing and Urban Development</b>				
Continuum of Care Program	14.267		\$10,498,903	\$8,232,420
Housing Opportunities for People with AIDS	14.241		338,688	311,060
<i>Pass-Through State of Louisiana:</i>				
Department of Health and Hospitals:				
Community Development Block Grants/Entitlement Grants	14.218	2000165847	154,998	66,965
Louisiana Housing Corporation:				
Continuum of Care Program	14.267	LA0001L6H091502	7,998,306	0
Emergency Solutions Grant Program	14.231	E-15-DC-22-0001	65,176	0
HOME Investment Partnerships Program	14.239	TCA-09-04	862,600	0
Office of Community Development:				
Community Development Block Grants/State's program	14.228	IG2010-13	7,474,783	0
<i>Pass-Through Metropolitan Human Services District:</i>				
Continuum of Care Program	14.267	LA0086L6H031508	1,189,230	798,404
<i>Pass-Through Gulf Coast Housing Partnership:</i>				
HOME Investment Partnerships Program	14.239	2011-2012-25-HOME	1,000,000	0
<i>Pass-Through City of New Orleans:</i>				
HOME Investment Partnerships Program	14.239	HOME 2014-005	<u>613,606</u>	<u>0</u>
Total U.S. Department of Housing and Urban Development			<u>30,196,290</u>	<u>9,408,849</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Pass-Through City of New Orleans:</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	IH79SM063337-01	199,806	171,737
<i>Pass-Through Metropolitan Human Services District:</i>				
Projects for Assistance in Transition from Homelessness	93.150	17393	<u>125,246</u>	<u>0</u>
Total U.S. Department of Health and Human Services			<u>325,052</u>	<u>171,737</u>
Total Expenditures of Federal Awards			<u>\$30,521,342</u>	<u>\$9,580,586</u>

See accompanying notes to schedule of expenditures of federal awards.  
(See Independent Auditor's Report)

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of UNITY of Greater New Orleans, Inc. and subsidiaries under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of UNITY of Greater New Orleans, Inc. and subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UNITY of Greater New Orleans, Inc., and subsidiaries.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**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.

**Amounts Passed Through to Subrecipients**

Payments to subrecipients are presented on the Schedule of Expenditures of Federal Awards.

**UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 3 – NOTES PAYABLE – FEDERAL AWARDS**

UNITY of Greater New Orleans, Inc. and subsidiaries are the recipients of notes payable proceeds from the U.S. Department of Housing and Urban Development. The notes payable balances outstanding at the beginning of the year, as well as any additional proceeds received during the year, are included in the federal expenditures presented in the Schedule.

At June 30, 2017, the balances of these notes payable are as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts</u>
14.228	Community Development Block Grants/State's Program	\$7,474,783
14.239	HOME Investment Partnerships Program	<u>1,862,600</u>
		<u>\$9,337,383</u>

**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, 2017**

**I. SUMMARY OF AUDITOR'S REPORTS**

1. The auditor's 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 Auditor's 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 Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's 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. The programs tested as major programs were:

14.239	HOME Investment Partnerships Program
14.267	Continuum of Care Program
8. The threshold for distinguishing Type A and B programs was \$915,640.
9. UNITY of Greater New Orleans, Inc. and subsidiaries qualified as a low-risk auditee.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statements for the year ended June 30, 2017.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no findings related to major federal award programs for the year ended June 30, 2017.

**PACIERA, GAUTREAU & PRIEST, LLC**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of UNITY of Greater New Orleans, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by UNITY of Greater New Orleans, Inc. and Subsidiaries (UNITY) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. UNITY's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of UNITY and LLA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures:**

**Procedure 1:** Obtained the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- 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**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** There were no written policies or procedures for budgeting, contracting or credit cards.

**Management's Response:** Management is in the process of updating written policies and procedures for budgeting, contracting and credit cards.

**Board (or Finance Committee, if applicable):**

**Procedure 2:** Obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** No exceptions were noted as a result of applying these procedures.

**Bank Reconciliations:**

**Procedure 3:** Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 4:** Used the listing provided by management, selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Results:** There was no evidence of the bank reconciliations being reviewed by management or a board member (with no involvement in transactions.)

**Management's Response:** A policy was adopted for the Director of Finance to sign off on all bank reconciliations. In addition, the contracted CPA will also sign off on all bank reconciliations. Previously, the bank reconciliations were reviewed but there was no evidence of this procedure.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results:** No exceptions were noted as a result of applying these procedures.

**Collections:**

**Procedure 5:** Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 6:** Used the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Results:** No exceptions were noted as a result of applying these procedures.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Used entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Used sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Results:** UNITY did not have documentation of when checks were received.

**Management's Response:** Management has adopted a policy of retaining the envelope containing the cash collections with the date received stamp on it.

**Procedure 7:** Obtained existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

**Results:** No exceptions were noted as a result of applying these procedures.

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments):**

**Procedure 8:** Obtained a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtained management's representation that the listing or general ledger population is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 9:** Used the disbursement population from procedure 8 above, randomly selected 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Results:** No exceptions were noted as a result of applying these procedures.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 10:** Used entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 11:** Used entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results:** The person responsible for processing payments is not prohibited from adding vendors to UNITY's purchasing system.

**Management's Response:** A policy has been adopted preventing the Director of Finance from adding vendors to the accounting system. Only the Finance Specialist will be able to add vendors on the accounting system.

**Procedure 12:** Inquired of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, reviewed entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 13:** If a signature stamp or signature machine is used, inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

**Results:** No exceptions were noted as a result of applying these procedures.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards:**

**Procedure 14:** Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 15:** Used the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Reported whether finance charges and/or late fees were assessed on the selected statements.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 16:** Used the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Results:** No exceptions were noted as a result of applying these procedures.

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

**Results:** No exceptions were noted as a result of applying these procedures.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** No exceptions were noted as a result of applying these procedures.

**Travel and Expense Reimbursement:**

**Procedure 17:** Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtained management's representation that the listing or general ledger is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 18:** Obtained the entity's written policies related to travel and expense reimbursements. Compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 19:** Used the listing or general ledger from procedure 17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Reported whether each expense was supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** No exceptions were noted as a result of applying these procedures.

- c) Compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** No exceptions were noted as a result of applying these procedures.

- d) Reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were noted as a result of applying these procedures.

**Contracts:**

**Procedure 20:** Obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtained management's representation that the listing or general ledger is complete.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 21:** Used the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:

- a) Reported whether there was a formal/written contract that supported the services arrangement and the amount paid.

**Results:** Three (3) vendors did not have formal/written contracts.

**Management’s Response:** Management will obtain written contracts that support the service arrangements and the price for its contract vendors.

- b) Compared each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results:** No exceptions were noted as a result of applying these procedures to the formal/written contracts.

- c) Reported whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** No exceptions were noted as a result of applying these procedures.

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compare the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** No exceptions were noted as a result of applying these procedures.

- e) Obtained/reviewed contract documentation and board minutes and reported whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** Not applicable, board approval is not required by policy or law.

**Payroll and Personnel:**

**Procedure 22:** Obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 23:** Obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Results:** No exceptions were noted as a result of applying these procedures.

- b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Results:** No exceptions were noted as a result of applying these procedures.

- c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 24:** Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 25:** Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results:** No exceptions were noted as a result of applying these procedures.

**Ethics (excluding nonprofits):**

**Procedure 26:** Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Results:** Not Applicable – the entity is a nonprofit.

**Procedure 27:** Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether the management's actions complied with the entity's ethics policy. Report whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results:** Not Applicable – the entity is a nonprofit.

**Debt Service (excluding nonprofits):**

**Procedure 28:** If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Results:** Not Applicable – the entity is a nonprofit.

**Procedure 29:** If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Results:** Not Applicable – the entity is a nonprofit.

**Procedure 30:** If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal year. Also, report any millages that continue to be received for debt that has been paid off.

**Results:** Not Applicable – the entity is a nonprofit.

**Other:**

**Procedure 31:** Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 32:** Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lia.la.gov/hotline](http://www.lia.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were noted as a result of applying these procedures.

**Procedure 33:** If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

**Results:** No exceptions were noted as a result of applying these procedures.

This agreed-upon procedures engagement was conducted 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, 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.

**The Board of Directors of  
UNITY of Greater New Orleans, Inc.  
and Subsidiaries and the  
Louisiana Legislative Auditor  
December 21, 2017  
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The purpose of this report is 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.

*Paciera, Gautreau & Priest LLC*

Metairie, Louisiana  
December 21, 2017