

Financial Report

Preservation Alliance of New Orleans, Inc.
d/b/a
Preservation Resource Center of New Orleans

June 30, 2021



**PRESERVATION
RESOURCE CENTER**
— of NEW ORLEANS —

Financial Report

Preservation Alliance of New Orleans, Inc.
d/b/a
Preservation Resource Center of New Orleans

June 30, 2021

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d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC), a non-profit organization, which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PRC as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is required by the Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. The information in Schedule 1 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information in Schedule 1 is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of PRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRCs' internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 7, 2021.

STATEMENTS OF FINANCIAL POSITION

Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
 New Orleans, Louisiana

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u> (Restated)
Assets		
Cash and cash equivalents	\$ 3,089,142	\$ 4,350,059
BP settlement receivable	-	896,908
Grants receivable	-	22,699
Rebuilding Together receivable	73,974	73,974
Other receivables	44,697	51,969
Prepaid expenses	73,656	41,664
Investments	4,289,838	1,713,527
Unconditional promises to give, net	6,000	30,549
Property and equipment, net	<u>454,570</u>	<u>541,177</u>
Total assets	<u>\$ 8,031,877</u>	<u>\$ 7,722,526</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 67,500	\$ 48,791
Accrued vacation	27,245	40,503
Capital lease obligations	<u>8,651</u>	<u>12,703</u>
Total liabilities	<u>103,396</u>	<u>101,997</u>
Net Assets		
Without donor restrictions:		
Undesignated	2,591,213	2,775,084
Designated	4,360,573	3,810,905
With donor restrictions	<u>976,695</u>	<u>1,034,540</u>
Total net assets	<u>7,928,481</u>	<u>7,620,529</u>
Total liabilities and net assets	<u>\$ 8,031,877</u>	<u>\$ 7,722,526</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
 New Orleans, Louisiana

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Contributions	\$ 287,027	\$ -	\$ 287,027
Memberships	222,079	-	222,079
Grant income	59,539	38,000	97,539
Special events, net of direct benefit of \$22,555	162,145	-	162,145
Investment income	476,891	106	476,997
Fees, sales, and other revenue	298,892	-	298,892
Paycheck Protection Program loan forgiveness	163,870	-	163,870
Loss on disposal of asset	(4,450)	-	(4,450)
Net assets released from restrictions - satisfaction of restrictions	95,951	(95,951)	-
Total support and revenue	1,761,944	(57,845)	1,704,099
Expenses			
Program services:			
Advocacy	100,522	-	100,522
Preservation in Print	218,331	-	218,331
Revival Grants	90,040	-	90,040
Education and Outreach/Other	304,558	-	304,558
Total program services	713,451	-	713,451

**Exhibit B-1
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	541,253	-	541,253
Fundraising	141,443	-	141,443
Total supporting services	<u>682,696</u>	<u>-</u>	<u>682,696</u>
Total expenses	<u>1,396,147</u>	<u>-</u>	<u>1,396,147</u>
Changes in net assets	365,797	(57,845)	307,952
Net Assets			
Beginning of year	<u>6,585,989</u>	<u>1,034,540</u>	<u>7,620,529</u>
End of year	<u><u>\$ 6,951,786</u></u>	<u><u>\$ 976,695</u></u>	<u><u>\$ 7,928,481</u></u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
 New Orleans, Louisiana

For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenue			
Contributions	\$ 678,658	\$ 515,370	\$ 1,194,028
Memberships	212,746	-	212,746
Grant income	390,301	103,171	493,472
Special events, net of direct benefit of \$44,091	200,439	-	200,439
Investment income	35,559	-	35,559
Fees, sales, and other revenue	433,641	-	433,641
Paycheck Protection Program loan forgiveness	179,100	-	179,100
Gain on sale of real estate	75,600	-	75,600
Net assets released from restrictions - satisfaction of restrictions	827,392	(827,392)	-
	<u>3,033,436</u>	<u>(208,851)</u>	<u>2,824,585</u>
Total support and revenue			
Expenses			
Program services:			
Advocacy	95,849	-	95,849
Rebuilding Together	825,588	-	825,588
Operation Comeback	40,635	-	40,635
Preservation in Print	226,598	-	226,598
Revival Grants	72,963	-	72,963
Educational Outreach/Other	350,213	-	350,213
	<u>1,611,846</u>	<u>-</u>	<u>1,611,846</u>
Total program services			

**Exhibit B-2
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	662,299	-	662,299
Fundraising	167,702	-	167,702
	<u>830,001</u>	<u>-</u>	<u>830,001</u>
Total supporting services			
	<u>2,441,847</u>	<u>-</u>	<u>2,441,847</u>
Total expenses			
Changes in net assets	591,589	(208,851)	382,738
Net Assets			
Beginning of year	<u>5,994,400</u>	<u>1,243,391</u>	<u>7,237,791</u>
End of year, restated	<u>\$ 6,585,989</u>	<u>\$ 1,034,540</u>	<u>\$ 7,620,529</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana

For the year ended June 30, 2021

	Program Activities				Supporting Activities			Totals	
	Advocacy	Preservation in Print	Revival Grants	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising		Total Supporting Activities
Advertising	\$ -	\$ -	\$ -	\$ 4,770	\$ 4,770	\$ 174	\$ -	\$ 174	\$ 4,944
Bank charges	12	1,841	-	286	2,139	29,625	1,357	30,982	33,121
Construction	-	-	58,844	-	58,844	-	-	-	58,844
Depreciation	-	-	-	-	-	86,905	-	86,905	86,905
Donation expense	-	134	-	-	134	-	5,615	5,615	5,749
Employee benefits	10,966	17,378	2,875	28,442	59,661	16,239	11,929	28,168	87,829
Event and fundraising expenses	-	-	-	15,082	15,082	1,401	6,072	7,473	22,555
Insurance	-	-	-	-	-	53,900	-	53,900	53,900
Office expense	1,542	4,799	56	5,176	11,573	17,331	423	17,754	29,327
Postage and printing	21	51,151	237	7,347	58,756	4,758	6,351	11,109	69,865
Professional fees	1,800	4,200	806	64,036	70,842	76,215	3,297	79,512	150,354
Repairs and maintenance	-	-	-	-	-	4,020	-	4,020	4,020
Salaries	85,893	133,120	27,222	178,433	424,668	170,818	115,800	286,618	711,286
Technology expense	-	758	-	647	1,405	38,984	13,154	52,138	53,543
Travel expense	288	4,950	-	339	5,577	333	-	333	5,910
Utilities	-	-	-	-	-	40,550	-	40,550	40,550
Total expenses	100,522	218,331	90,040	304,558	713,451	541,253	163,998	705,251	1,418,702
Less special events direct benefit expenses	-	-	-	-	-	-	(22,555)	(22,555)	(22,555)
Total expenses less special event direct benefit expenses	\$ 100,522	\$ 218,331	\$ 90,040	\$ 304,558	\$ 713,451	\$ 541,253	\$ 141,443	\$ 682,696	\$ 1,396,147

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana

For the year ended June 30, 2020

	Program Activities						Supporting Activities			Totals	
	Advocacy	Rebuilding Together	Operation Comeback	Preservation in Print	Revival Grants	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising		Total Supporting Activities
Advertising	\$ -	\$ 650	\$ -	\$ -	\$ -	\$ 10,640	\$ 11,290	\$ -	\$ -	\$ -	\$ 11,290
AmeriCorps expense	-	1,970	-	-	-	-	1,970	-	-	-	1,970
Bad debt	-	200	-	-	-	-	200	16,225	-	16,225	16,425
Bank charges	-	584	9	1,844	9	2,822	5,268	11,901	968	12,869	18,137
Construction	-	107,690	25,364	-	44,495	-	177,549	-	-	-	177,549
Depreciation	-	-	-	-	-	-	-	86,285	-	86,285	86,285
Donation expense	-	407,915	-	-	-	-	407,915	-	-	-	407,915
Employee benefits	8,752	30,919	490	14,520	1,690	30,449	86,820	33,239	19,104	52,343	139,163
Event and fundraising expenses	2,368	4,816	-	-	-	34,988	42,172	-	1,920	1,920	44,092
Insurance	-	5,926	1,534	-	157	-	7,617	56,374	-	56,374	63,991
Office expense	2,650	3,054	4,531	171	28	5,055	15,489	17,392	2,113	19,505	34,994
Postage and printing	1,003	5,318	-	72,116	457	7,680	86,574	4,120	6,546	10,666	97,240
Professional fees	3,500	-	445	5,500	3,043	49,510	61,998	94,390	2,650	97,040	159,038
Repairs and maintenance	-	-	-	-	-	-	-	3,664	-	3,664	3,664
Salaries	75,577	181,956	2,393	122,167	21,350	205,121	608,564	258,414	165,227	423,641	1,032,205
Supplies	-	58,558	5,825	4,393	-	-	68,776	-	-	-	68,776
Technology expense	48	4,069	-	-	985	1,360	6,462	38,539	10,618	49,157	55,619
Travel expense	1,951	6,340	5	5,887	749	2,055	16,987	5,553	2,647	8,200	25,187
Utilities	-	5,623	39	-	-	533	6,195	36,203	-	36,203	42,398
Total expenses	95,849	825,588	40,635	226,598	72,963	350,213	1,611,846	662,299	211,793	874,092	2,485,938
Less special events direct benefit expenses	-	-	-	-	-	-	-	-	(44,091)	(44,091)	(44,091)
Total expenses less special events direct benefit expenses	\$ 95,849	\$ 825,588	\$ 40,635	\$ 226,598	\$ 72,963	\$ 350,213	\$ 1,611,846	\$ 662,299	\$ 167,702	\$ 830,001	\$ 2,441,847

See notes to financial statements.

STATEMENTS OF CASH FLOWS

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 307,952	\$ 382,738
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,905	86,285
Paycheck Protection Program loan forgiveness	(163,870)	(179,100)
Donation of property and equipment - net of liabilities assumed by donee	-	161,992
Loss on disposal of property and equipment	4,450	-
Loss (gain) on sales of real estate	-	(75,600)
Realized and unrealized (gain) loss on investments	(421,752)	7,441
Investments donated	-	(323,638)
(Increase) decrease in operating assets:		
Grants receivable	22,699	461,256
BP settlement receivable	896,908	896,906
Rebuilding Together receivable	-	(73,974)
Other receivables	7,272	(5,971)
Prepaid expenses	(31,992)	5,080
Unconditional promises to give	24,549	6,871
Increase (decrease) in operating liabilities:		
Accounts payable	18,709	(48,375)
Accrued vacations	(13,258)	(3,465)
Funds held for others	-	(4,917)
	<u>738,572</u>	<u>1,293,529</u>
Net cash provided by operating activities		

**Exhibit D
(Continued)**

	<u>2021</u>	<u>2020</u>
Cash Flows From Investing Activities		
Proceeds from sale/maturity of investments	428,233	136,685
Purchases of investments	(2,582,792)	(332,554)
Proceeds from sale of other assets - real estate	-	310,743
Purchase of other assets - real estate	-	(42,062)
Purchase of property and equipment	(4,748)	(64,932)
	<u>(2,159,307)</u>	<u>7,880</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	163,870	179,100
Payments on capital lease obligations	(4,052)	(3,893)
	<u>159,818</u>	<u>175,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,260,917)	1,476,616
Cash and Cash Equivalents		
Beginning of year	<u>4,350,059</u>	<u>2,873,443</u>
End of year	<u>\$ 3,089,142</u>	<u>\$ 4,350,059</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 454</u>	<u>\$ 547</u>
Supplementary Non-Cash Investing Activities		
Note payable paid through real estate sale closing	<u>\$ -</u>	<u>\$ 24,000</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

June 30, 2021 and 2020

Note 1 - NATURE OF ACTIVITIES

Founded in 1974, Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC) is a nonprofit organization, which preserves and enhances targeted historical neighborhoods of New Orleans through community revitalization projects.

The following programs and supporting services are included in the accompanying financial statements:

Preservation

The Preservation Program encompasses PRC's various general activities related to promoting the preservation of historic properties and districts, including advocacy before regulatory authorities, public awareness efforts, and development of preservation plans for specific properties and districts, and related activities. This program is funded wholly by contributions from PRC's donors.

Rebuilding Together

Previously PRC's most significant volunteer event involved the donation of time and materials by contractors, private businesses and individuals, and retailers in an intensive effort to renovate historic residential properties owned by low-income and/or disabled individuals, as well as senior citizens. The renovations are on an ongoing basis throughout the year due to the increased need in the city. This program is funded by a combination of contributions, corporate sponsorships, and government grants. As part of the cooperative endeavor agreement with PRC (see Note 18), Rebuilding Together New Orleans, Inc. began operations as an independent non-profit organization in September 2019.

Note 1 - NATURE OF ACTIVITIES (Continued)

Operation Comeback

Operation Comeback comprises PRC's activities directed towards the acquisition and renovation of blighted historic properties. This program is funded primarily by corporate and individual contributions. There was a strategic plan set forth to end the Operation Comeback program, so PRC spent 2019 finishing the last two projects, Spruce Street and St. Phillip Street, and both were sold on August 8, 2019 and February 21, 2020, respectively.

Preservation in Print

Preservation in Print fosters knowledge, stimulates interest, and facilitates participation in public and private historic preservation through the printing and publication of PRC's quarterly newsletter. This program is funded by a combination of contributions from advertising revenues and government grants.

Revival Grants

The Revival Grants program provides free home repairs and technical assistance to low-to-moderate income homeowners in New Orleans' historic districts to help them age safely in their homes and build generational wealth. This program is entirely funded with funds from private foundations and bank funds.

Education and Outreach

Education and Outreach focuses on outreach programs - workshops, lectures, tours, print and electronic information - regarding building acquisition and restoration, cultural heritage, historic architecture and neighborhoods, preservation programs and incentives, with a focus on African-American Heritage (AAH). AAH focuses on the identification and preservation of the homes and significant structures frequented by New Orleans' early jazz musicians. AAH's main purpose is to research, identify, and landmark these homes and other structures.

General and Administrative

Management and general supporting services include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of PRC's program strategy; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of PRC; and manage the financial and budgetary responsibilities of PRC.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

a. Organization and Income Taxes

PRC is a nonprofit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2021, management believes PRC has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. PRC recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended June 30, 2018 and later remain subject to examination by the taxing authorities.

b. Basis of Accounting

The financial statements of the PRC are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

c. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that impact certain reported amounts and disclosures. Actual results could differ from those estimates.

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PRC and changes therein are classified and reported as:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation (Continued)

Net Assets Without Donor Restrictions- Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of PRC and/or the passage of time or net assets subject to donor-imposed stipulations that are to be held in perpetuity by PRC.

e. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, PRC considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. PRC's cash and cash equivalents as of June 30, 2021 and 2020 included \$2,248,665 and \$3,446,011, respectively, of investments in U.S. Treasury money market funds.

If the grantor makes it a requirement, PRC deposits restricted grant monies into a designated account.

f. Investments

Investments in common stock and corporate obligations are stated at fair value, based on quoted market prices for the investments.

Donated investments are valued at the current market value at the date of donation.

g. Property and Equipment

Property and equipment is recorded at cost. Donated assets are recorded at fair value at the date of donation. PRC capitalizes all expenditures for equipment in excess of \$1,000. Repairs and maintenance are charged to expense as incurred; major renewals, replacements, and betterments are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (5 to 25 years). Depreciation expense was \$86,905 and \$86,285 for the years ended June 30, 2021 and 2020, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on existing economic conditions. Management closely monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectible and establishes an allowance for estimated uncollectible receivables. There was no allowance as of June 30, 2021 and 2020.

i. Revenue Recognition

Revenue from Exchange Transactions: PRC recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenues from Contracts with Customers" (Topic 606), as amended. ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. PRC records the following exchange transaction revenue in its Statements of Activities for the years ended June 30, 2021 and 2020:

Membership Revenue

Membership dues are billed and payable in the applicable membership period. This obligation is satisfied over the annual membership period by providing member benefits. Therefore, membership revenue is recognized on an annual basis.

Special Events

PRC conducts fundraisers in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefit received by the participant of the event, the exchange component, and a portion represents a contribution to PRC. The fair value of meals, entertainment, and benefits provided by the event is measured at the actual cost to PRC. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs, which ultimately benefit the donor rather than PRC, are recorded as fundraising expenses in the Statements of Activities. The performance obligation is the event. FASB ASU No. 2014-09 requires allocation of the transaction price to the performance obligation. Accordingly, PRC separately presents in Note 15 the exchange and contribution components of the gross proceeds from special events.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Revenue Recognition (Continued)

Fees, Sales, and Other Revenue

Fees, sales and other revenue is primarily composed of advertising revenue. Advertising revenue is primarily derived from customer advertisements in the magazine, "*Preservation in Print*". Advertising rates are primarily determined by the size of the advertisement and volume of advertisements. PRC recognizes revenue when the magazine is circulated.

j. Contributions and Grants

Contributions and grants received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor or grantor restrictions.

Support that is restricted by a donor or grantor is reported as an increase in restricted net asset. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Restricted contributions or grants whose restrictions are met in the same reporting periods are reported as support without donor restrictions.

Non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

k. Donated Services

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. A substantial number of volunteers donate significant amounts of their time in PRC's program and support services. In addition, volunteers from throughout the community provided unskilled labor in conjunction with the Rebuilding Together project. The value of these services, which was estimated to be approximately \$261,000 for the year ended June 30, 2020 are not recognized in the accompanying financial statements due to the unspecialized nature of these services. There were no volunteer services received for the year ended June 30, 2021.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Method Used for Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. PRC allocates insurance, office expense, professional services, utilities, and other expenses based on management's estimate of use by each program and supporting function. Salaries and employee benefits are allocated based on management's estimate of effort by each program and supporting function.

m. Advertising

PRC expenses advertising costs as incurred. During the years ended June 30, 2021 and 2020, PRC's advertising costs charged to expense were \$4,944 and \$11,290, respectively.

n. Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2019. PRC adopted the provisions of ASU No. 2014-09 and retrospectively applied this standard to the financial statements. The adoption of this accounting standard did not have a significant impact on the financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statements of Activities and the Statements of Cash Flows will be substantially unchanged from the existing lease

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Leases (Continued)

accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. PRC is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU is effective for fiscal years beginning after June 15, 2022. PRC is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

o. Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 7, 2021, which is the date the financial statements were available to be issued.

Note 3 - RESTATEMENT

During the year ended June 30, 2021, it was discovered that net asset balances for the year ended June 30, 2020 required restatement. The restatement is as follows:

	2020 As Previously Reported	Restated	2020 As Corrected
Net assets without donor restrictions:			
Undesignated	\$ 595,990	\$ 2,179,094	\$ 2,775,084
Designated	5,752,727	(1,941,822)	3,810,905
Net assets with restrictions	<u>1,271,812</u>	<u>(237,272)</u>	<u>1,034,540</u>
	<u>\$ 7,620,529</u>	<u>\$ -</u>	<u>\$ 7,620,529</u>

Note 4 - CONCENTRATIONS

PRC maintains deposits with local financial institutions. Accounts at these institutions are insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. As of June 30, 2021, there was approximately \$3,000 in excess of insured amounts.

Note 5 - PLEDGES RECEIVABLE

Unconditional promises to give as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 6,000	\$ 30,549
Less allowance for uncollectible account	<u>-</u>	<u>-</u>
Pledges receivable, net	<u>\$ 6,000</u>	<u>\$ 30,549</u>

Note 6 - INVESTMENTS

Investments consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Common stock	\$ 2,035,182	\$ 1,031,095
Corporate obligations	<u>2,254,656</u>	<u>682,432</u>
Totals	<u>\$ 4,289,838</u>	<u>\$ 1,713,527</u>

Note 6 - INVESTMENTS (Continued)

Net investment income for the years ended June 30, 2021 and 2020 is comprised of the following:

	2021	2020
Interest and dividends	\$ 72,976	\$53,010
Realized loss on investments	(13,564)	(15,411)
Unrealized gain on investments	435,316	7,970
Investment fees	(17,731)	(10,010)
Totals	\$476,997	\$35,559

Note 7 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

Note 7 - FAIR VALUE MEASUREMENTS

PRC uses the market approach for valuing common stocks and corporate obligations, which are within Level 1 of the fair value hierarchy.

These methodologies may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while PRC believes these valuation methodologies are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020 are comprised of and determined, as follows:

	2021			Totals
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Common stock	\$2,035,182	\$ -	\$ -	\$2,035,182
Corporate obligations	2,254,656	-	-	2,254,656
Investments at fair value	<u>\$4,289,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,289,838</u>
	2020			Totals
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Common stock	\$1,031,095	\$ -	\$ -	\$1,031,095
Corporate obligations	682,432	-	-	682,432
Investments at fair value	<u>\$1,713,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,713,527</u>

Note 8 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Buildings and improvements	\$ 1,900,442	\$ 1,904,892
Office furniture and equipment	245,331	240,583
	2,145,773	2,145,475
Less: accumulated depreciation and amortization	(1,691,203)	(1,604,298)
	\$ 454,570	\$ 541,177

Note 9 - LINE OF CREDIT

In order to achieve PRC's goal of revitalizing targeted historical neighborhoods, PRC purchases homes for renovation in those targeted neighborhoods. Funding these projects often requires PRC to enter into line of credit agreements. The specific property under renovation is used as collateral for these lines of credit. There were no lines of credit as of June 30, 2021 and 2020.

Note 10 - CAPITAL LEASE OBLIGATIONS

In July 2018, PRC acquired equipment purchased under capital leases for \$20,330. The copiers are included in property and equipment in the accompanying Statements of Financial Position, and the related amortization is included in accumulated depreciation and depreciation expense.

The net book value as of June 30, 2021 and 2020 was \$8,266 and \$12,332, respectively.

Interest expense on capital leases totaled \$454 and \$547 for the years ended June 30, 2021 and 2020, respectively.

Note 10 - CAPITAL LEASE OBLIGATIONS

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

<u>Year Ending June 30,</u>	
2022	\$4,512
2023	<u>4,512</u>
Less amounts representing interest	<u>(373)</u>
Present value of minimum capital lease payments	<u><u>\$8,651</u></u>

Note 11 - PAYCHECK PROTECTION PROGRAM

On April 17, 2020, PRC received a \$179,100 loan from Hancock Whitney Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). This loan was repaid December 1, 2020 and all expenditures paid from the loan proceeds were approved as eligible for loan forgiveness under the requirements of the PPP program. The funding was recognized as revenue in the year ended June 30, 2020 on the Statement of Activities.

On February 15, 2021, PRC received a \$163,870 loan from Hancock Whitney Bank under the PPP of the SBA. This loan was repaid July 27, 2021 and all expenditures paid from the loan proceeds were approved as eligible for loan forgiveness under the requirements of the PPP program. The funding was recognized as revenue in the year ended June 30, 2021 on the Statement of Activities.

Note 12 - DESIGNATED FUNDS

PRC's board of directors designates certain funds to be used for specified purposes. The following designated funds have been established as of June 30, 2021 and 2020:

Fund	Purpose	2021	2020 (Restated)
Quasi-endowment fund	Quasi-endowment	\$ 3,334,075	\$ 2,784,407
Easement donation fund	Easement maintenance	1,026,498	1,026,498
		\$ 4,360,573	\$ 3,810,905

These funds are primarily included in cash and cash equivalents and investments in the accompanying Statements of Financial Position.

Note 13 - RESTRICTED NET ASSETS

Net assets with donor restrictions are assets restricted by donors and grantors for specific purposes or are available for subsequent periods. These restrictions are considered to expire when payments for restricted purposes are made.

Net assets with donor restrictions as of June 30, 2021 and 2020 are available for the following purpose:

	2021	2020 (Restated)
Restricted for a specific purpose:		
Easements	\$ 868,695	\$ 868,589
Mortgage support	30,000	30,000
Administration building	20,000	20,000
Advocacy	5,000	5,000
Construction and repairs	53,000	110,951
Total	\$ 976,695	\$ 1,034,540

Note 13 - RESTRICTED NET ASSETS (Continued)

Net assets released from restrictions for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Purpose restrictions satisfied:		
Construction and repairs	\$95,951	\$ -
Home purchase and construction	-	725,246
Easements	-	50,000
Publications	-	42,946
Other	-	9,200
	\$95,951	\$827,392
Total		

Note 14 - GOVERNMENT GRANTS

Government grants require the fulfillment of certain conditions as set forth in the grant instruments. PRC intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to grantors.

Note 15 - SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by PRC consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU No. 2014-09 during 2021, PRC is required to separately present the components of this revenue.

	2021	2020
Contributions	\$103,900	\$ 86,640
Special event revenue	80,800	157,890
Special events - gross	184,700	244,530
Less: cost of direct donor benefit	(22,555)	(44,091)
Special events - net	\$162,145	\$200,439

Note 16 - RETIREMENT PLAN

PRC offered a defined contribution 403(b) plan to all employees who were at least 21 years of age. Participants were allowed to contribute up to a maximum of 15% of their total compensation. In March 2019, PRC offered a newly established 401(k) plan to participants with options of transferring funds from the 403(b) plan. Under the new plan, participants may contribute, by salary reduction pursuant to Section 401(k) of the Internal Revenue Code, up to 100% of pretax annual compensation, as defined in the plan, not to exceed statutory limits.

Additionally, PRC provides a simplified employee plan (the "Plan") to its employees. The Plan provides, to all employees who have been with PRC for a minimum of three years, an annual contribution to an Individual Retirement Account (IRA) equal to 2% of the employees' current gross eligible compensation. Contributions to the Plan totaled \$10,849 and \$12,107 for the years ended June 30, 2021 and 2020, respectively.

Note 17 - CONSERVATION EASEMENTS

PRC holds conservation easements placed on various properties. As of both June 30, 2021 and 2020, 134 of such easements were held. No value has been assigned to these easements in the financial statements because PRC does not have ownership rights to the underlying property.

Note 18 - COOPERATIVE ENDEAVOR AGREEMENT

Rebuilding Together was a program within PRC since 1988. In 2018, the PRC's Board of Directors passed a strategic plan that called for the separation of Rebuilding Together from PRC to become its own separate 501(c)(3) organization, Rebuilding Together New Orleans, Inc. On December 20, 2019, Rebuilding Together entered into a Cooperative Endeavor Agreement (CEA) with PRC which set forth the terms of the separation with the goal of being wholly separated by December 31, 2019. On December 21, 2019, PRC made a contribution of \$407,915 to Rebuilding Together New Orleans, Inc. (\$273,095 of net book value of property, \$319,897 of cash less \$73,974 balance due from Rebuilding Together New Orleans, Inc. and \$111,103 of liabilities assumed by Rebuilding Together New Orleans, Inc.). The balance due from Rebuilding Together New Orleans, Inc. is \$73,974 as of June 30, 2021 and 2020.

Note 19 - RISKS AND UNCERTAINTIES

In general, investments and securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by PRC.

Note 20 - AVAILABILITY OF FINANCIAL ASSETS

PRC is substantially supported by contributions and grants with and without donor restrictions, special events, and profits from sales of real estate. Because a donor's restrictions requires resources to be used in a particular manner or in a future period, PRC must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditure within one year. As part of PRC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. PRC has established guidelines for making decisions related to managing short-term cash reserves in a prudent manner.

PRC may designate a portion of or any operating surplus for a particular purpose. The board-designated reserves can be changed and made available for immediate use in the event of an urgent liquidity need.

The following reflects PRC's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restrictions.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 3,089,142	\$ 4,350,059
BP settlement receivable	-	896,908
Grants receivable	-	22,699
Rebuilding Together receivable	73,974	73,974
Other receivables	44,697	51,969
Investments	4,289,838	1,713,527
Unconditional promises to give, net	6,000	30,549
Total financial assets	7,503,651	7,139,685
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions	(976,695)	(1,034,540)
Financial assets available to meet cash needs for general expenditure within one year before governing board designations	6,526,956	6,105,145
Less: Governing board designations	(4,360,573)	(3,810,905)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,166,383	\$ 2,294,240

SUPPLEMENTAL INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

For the year ended June 30, 2021

Agency Head Name: Danielle Del Sol, Executive Director

Purpose

Salary	\$ 0
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ 0

Note: No public funds were used to pay Ms. Del Sol's salary, benefits, or any other compensation during the year ended June 30, 2021.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans,
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 financial statements of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (a nonprofit organization) (PRC), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants.

New Orleans, Louisiana,
December 7, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

For the year ended June 30, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

b) Federal Awards

PRC did not receive federal awards in excess of \$750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements**

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2021.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2021.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements (Continued)**

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2021.

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

PRC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2021 and therefore is exempt from the audit requirements under the Uniform Guidance.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

For the year ended June 30, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2020.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2020.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2020 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Preservation Alliance of New Orleans, Inc.
d/b/a Preservation Resource Center of New Orleans
New Orleans, Louisiana**

For the year ended June 30, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2021.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2021.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

PRC did not expend more \$750,000 in Federal awards during the year ended June 30, 2021, and therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2021.