

*Financial Report*

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

*June 30, 2019*



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

**Bourgeois Bennett**  
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS  
A LIMITED LIABILITY COMPANY

*Financial Report*

*Preservation Alliance of New Orleans, Inc.*

*d/b/a*

*Preservation Resource Center of New Orleans*

*June 30, 2019*

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

June 30, 2019 and 2018

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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, 2019 and 2018 and the related statements of activities, cash flows for the years then ended and functional expenses for the year ended June 30, 2019, 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, 2019 and 2018, 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.

## **Report on Summarized Comparative Information**

We have previously audited the PRC's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 18, 2018. In our opinion, the summarized comparative information presented for the functional expenses for the year ended June 30, 2018, is consistent, in all material respects, with the 2018 audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *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 18, 2019, 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 18, 2019.



**STATEMENTS OF FINANCIAL POSITION**

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

June 30, 2019 and 2018

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,873,443	\$ 1,738,989
BP settlement receivable	1,793,814	-
Grants receivable	483,955	105,427
Other receivables	45,998	58,352
Prepaid expenses	46,744	93,065
Investments	1,201,461	1,174,207
Promises to give, net	37,420	22,778
Other assets - real estate	217,081	1,071,566
Property and equipment, net	<u>835,625</u>	<u>867,146</u>
Total assets	<u><u>\$ 7,535,541</u></u>	<u><u>\$ 5,131,530</u></u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 114,675	\$ 68,487
Accrued vacation	43,968	31,432
Advances	93,594	93,594
Funds held for others	4,917	-
Capital lease obligations	16,596	3,475
Notes payable	<u>24,000</u>	<u>79,191</u>
Total liabilities	<u>297,750</u>	<u>276,179</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	2,111,050	2,502,969
Designated	3,068,170	1,537,203
With donor restrictions	<u>2,058,571</u>	<u>815,179</u>
Total net assets	<u>7,237,791</u>	<u>4,855,351</u>
Total liabilities and net assets	<u><u>\$ 7,535,541</u></u>	<u><u>\$ 5,131,530</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Support and Revenue</b>			
Contributions - membership and sustaining	\$ 125,620	\$ 643,692	\$ 769,312
Grant income	638,950	586,738	1,225,688
Special events	432,597	7,700	440,297
Fees, sales, and other revenue	612,194	393,750	1,005,944
BP settlement income	2,671,588		2,671,588
Loss on sale of property and equipment	(2,618)		(2,618)
Loss on sale of real estate	(434,275)		(434,275)
Net assets released from restrictions - satisfaction of restrictions	388,488	(388,488)	-
<b>Total support and revenue</b>	<u>4,432,544</u>	<u>1,243,392</u>	<u>5,675,936</u>
<b>Expenses</b>			
Program services:			
Advocacy	102,168		102,168
Rebuilding Together	1,518,508		1,518,508
Operation Comeback	300,319		300,319
Preservation in Print	355,632		355,632
Other	114,558		114,558
<b>Total program services</b>	<u>2,391,185</u>	<u>-</u>	<u>2,391,185</u>

**Exhibit B-1**  
**(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Expenses (Continued)</b>			
Supporting services:			
General and administrative	411,832		411,832
Fundraising	<u>490,479</u>		<u>490,479</u>
Total supporting services	<u>902,311</u>	<u>-</u>	<u>902,311</u>
Total expenses	<u>3,293,496</u>	<u>-</u>	<u>3,293,496</u>
Changes in net assets	1,139,048	1,243,392	2,382,440
<b>Net Assets</b>			
Beginning of year	<u>4,040,172</u>	<u>815,179</u>	<u>4,855,351</u>
End of year	<u><u>\$ 5,179,220</u></u>	<u><u>\$ 2,058,571</u></u>	<u><u>\$ 7,237,791</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Support and Revenue</b>			
Contributions - membership and sustaining	\$ 403,803	\$ 648,246	\$ 1,052,049
Grant income	870,493	80,000	950,493
Special events	355,134	1,000	356,134
Fees, sales, and other revenue	671,193	6,250	677,443
Loss on the sale of real estate	(30,254)		(30,254)
Net assets released from restrictions - satisfaction of restrictions	<u>589,765</u>	<u>(589,765)</u>	<u>-</u>
Total support and revenue	<u>2,860,134</u>	<u>145,731</u>	<u>3,005,865</u>
<b>Expenses</b>			
Program services:			
Advocacy	82,728		82,728
Rebuilding Together	1,110,835		1,110,835
Operation Comeback	156,773		156,773
Preservation in Print	292,850		292,850
Other	111,050		111,050
Total program services	<u>1,754,236</u>	<u>-</u>	<u>1,754,236</u>

**Exhibit B-2  
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Expenses (Continued)</b>			
Supporting services:			
General and administrative	512,535		512,535
Fundraising	<u>379,812</u>		<u>379,812</u>
Total supporting services	<u>892,347</u>	<u>-</u>	<u>892,347</u>
Total expenses	<u>2,646,583</u>	<u>-</u>	<u>2,646,583</u>
Changes in net assets	213,551	145,731	359,282
<b>Net Assets</b>			
Beginning of year	<u>3,826,621</u>	<u>669,448</u>	<u>4,496,069</u>
End of year	<u><u>\$ 4,040,172</u></u>	<u><u>\$ 815,179</u></u>	<u><u>\$ 4,855,351</u></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, 2019

	Program Activities						Supporting Activities				
	Advocacy	Rebuilding Together	Operation Comeback	Preservation in Print	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	2019 Totals	2018 Totals
Advertising	\$ 11	\$ 545	\$ -	\$ 30	\$ 427	\$ 1,013	\$ 9	\$ 13,079	\$ 13,088	\$ 14,101	\$ 21,285
Americorp expense	-	22,744	-	-	-	22,744	-	-	-	22,744	21,189
Bad debt	-	-	-	-	-	-	-	8,100	8,100	8,100	-
Bank charges	188	546	44	1,876	289	2,943	21,121	5,264	26,385	29,328	25,338
Construction	-	657,314	257,671	200	-	915,185	-	-	-	915,185	388,472
Depreciation	-	25,773	-	-	-	25,773	89,730	-	89,730	115,503	118,659
Donation expense	-	-	-	-	-	-	-	56,500	56,500	56,500	1,500
Employee benefits	8,266	76,614	4,022	23,905	12,753	125,560	19,130	28,861	47,991	173,551	179,341
Event and fundraising expenses	192	9,586	-	-	3,413	13,191	250	56,573	56,823	70,014	59,659
Insurance	2,127	74,569	6,744	8,508	2,127	94,075	22,333	9,571	31,904	125,979	135,900
Office expense	3,163	40,055	1,312	6,976	5,250	56,756	12,214	6,500	18,714	75,470	78,241
Postage and printing	132	664	15	68,807	1,060	70,678	2,604	41,289	43,893	114,571	103,978
Professional fees	9,649	12,214	649	16,787	663	39,962	59,747	6,899	66,646	106,608	65,882
Repairs and maintenance	-	5,785	-	-	-	5,785	3,367	-	3,367	9,152	9,105
Salaries	69,759	430,641	26,831	210,666	84,685	822,582	149,461	227,995	377,456	1,200,038	1,105,477
Supplies	-	118,344	28	2,798	-	121,170	-	-	-	121,170	190,766
Technology expense	1,639	9,693	1,439	6,550	1,439	20,760	13,674	19,069	32,743	53,503	56,565
Travel expense	5,686	16,652	208	2,700	530	25,776	5,310	4,677	9,987	35,763	33,160
Utilities	1,356	16,769	1,356	5,829	1,922	27,232	12,882	6,102	18,984	46,216	52,066
Totals	\$ 102,168	\$ 1,518,508	\$ 300,319	\$ 355,632	\$ 114,558	\$ 2,391,185	\$ 411,832	\$ 490,479	\$ 902,311	\$ 3,293,496	\$ 2,646,583

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 2,382,440	\$ 359,282
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt	8,100	-
Depreciation and amortization	115,503	118,659
Loss on disposal of property and equipment	2,618	-
Loss on sale of real estate	434,275	30,254
Realized and unrealized gain on investments	(66,518)	(31,908)
(Increase) decrease in operating assets:		
Grants receivable	(378,528)	185,743
Other receivables	(1,789,560)	(32,697)
Prepays	46,321	24,897
Pledges receivable	(14,642)	23,761
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	46,188	(38,576)
Accrued vacations	12,536	(214)
Funds held for others	4,917	-
	<u>803,650</u>	<u>639,201</u>
Net cash provided by operating activities		

**Exhibit D  
(Continued)**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Investing Activities</b>		
Collection of receivable for sale of property	-	617,350
Proceeds from sale/maturity of investments	41,630	128,371
Purchases of investments	(2,366)	(102,652)
Proceeds from sale of other assets - real estate	539,043	468,746
Purchase of other assets - real estate	(118,833)	(1,077,563)
Purchase of property and equipment	<u>(66,270)</u>	<u>(2,769)</u>
Net cash provided by investing activities	<u>393,204</u>	<u>31,483</u>
<b>Cash Flows From Financing Activities</b>		
Payment on line of credit	-	(77,154)
Payments on notes payable	(55,191)	(22,676)
Payments on capital lease obligations	<u>(7,209)</u>	<u>(6,154)</u>
Net cash used in financing activities	<u>(62,400)</u>	<u>(105,984)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,134,454	564,700
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>1,738,989</u>	<u>1,174,289</u>
End of year	<u><u>\$ 2,873,443</u></u>	<u><u>\$ 1,738,989</u></u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	<u>\$ 1,547</u>	<u>\$ 2,713</u>
<b>Supplementary Non-Cash Investing Activities</b>		
Property acquired through capital lease	<u><u>\$ 20,330</u></u>	<u><u>\$ -</u></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, 2019 and 2018

**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**

PRC's most significant volunteer event involves 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. Previously, the rebuilding efforts were an annual two-week effort and on a less intensive scale throughout the remainder of the fiscal year. This program is funded by a combination of contributions, corporate sponsorships, and government grants.

**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.

**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.

**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.

**Fundraising**

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

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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, 2019, 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, 2016 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:

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

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Basis of Presentation (Continued)**

**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, 2019 and 2018 included \$1,976,748 and \$263,555, respectively, of investments in money market funds.

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

**f. Investments**

Investments in common stocks 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. Other Assets - Real Estate**

Other assets - real estate is comprised of blighted historic properties PRC acquires and renovates, with the intention to resell. These properties are carried at their historical cost, including renovation. Donated assets are recorded at fair value at the time of their donation.

**h. 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 \$115,503 and \$118,659 for the years ended June 30, 2019 and 2018, respectively.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. 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. As of June 30, 2018, management estimated an allowance of \$200,000 on pledges receivables. There was no allowance as of June 30, 2019.

**j. Revenue Recognition**

Revenue is recognized upon the sale of real estate.

Contributions are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net asset with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions 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 and Materials**

Numerous skilled laborers, such as carpenters, plumbers, and electricians, along with several hardware retail outlets and property owners, make significant donations of time and materials in conjunction with various revitalization projects. Skilled labor rates, retail values of donated materials and fair value of rental warehousing space are used in valuing and recording these contributions. There were no contributions for the year ended June 30, 2019. The value of contributions was \$44,294 for the year ended June 30, 2018. These amounts are included in contributions, as well as Rebuilding Together services in the accompanying financial statements.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k. Donated Services and Materials (Continued)**

In addition, volunteers from throughout the community provide unskilled labor in conjunction with Rebuilding Together project (formerly known as Christmas in October). The value of these services, which was estimated to be approximately \$461,000 and \$328,000 for the years ended June 30, 2019 and 2018, respectively, are not recognized in the accompanying financial statements due to the unspecialized nature of these services.

**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, and utilities 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, 2019 and 2018, PRC's advertising costs charged to expense were \$14,101 and \$21,285, respectively.

**n. Recently Issued Accounting Standards**

**Presentation of Financial Statements for Not-for-Profit Entities**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities"*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. Recently Issued Accounting Standards (Continued)**

**Presentation of Financial Statements for Not-for-Profit Entities (Continued)**

entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. PRC has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2018.

**Leases**

In February 2016, the FASB issued ASU 2016-02, "*Leases*" (Topic 842). ASU 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 Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. PRC is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. Recently Issued Accounting Standards (Continued)**

**Statement of Cash Flows**

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (*Topic 230*). ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. PRC is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Revenue from Contracts with Customers**

In May 2014, the FASB issued ASU 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 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, 2018, with certain early adoption provisions available. 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 2018 financials have been reclassified to conform to the 2019 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 18, 2019, which is the date the financial statements were available to be issued.



**Note 3 - 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, 2019, there was approximately \$1,174,000 in excess of insured amounts.

**Note 4 - PLEDGES RECEIVABLE**

Unconditional promises to give as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 37,420	\$222,778
Less allowance for uncollectible account	<u>-</u>	<u>200,000</u>
Pledges receivable, net	<u>\$37,420</u>	<u>\$ 22,778</u>

**Note 5 - INVESTMENTS**

Investments consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Common stock	\$ 841,417	\$ 820,471
Corporate obligations	<u>360,044</u>	<u>353,736</u>
Totals	<u>\$ 1,201,461</u>	<u>\$ 1,174,207</u>

Net investment income included in fees, sales and other revenue in the Statements of Activities for the years ended June 30, 2019 and 2018 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 63,870	\$41,147
Realized gain (loss) on investments	(1,997)	11,784
Unrealized gain on investments	68,515	20,124
Investment fees	<u>(10,008)</u>	<u>(9,218)</u>
Totals	<u>\$ 120,380</u>	<u>\$ 63,837</u>

**Note 6 - 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.

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.

**Note 6 - FAIR VALUE MEASUREMENTS (Continued)**

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018 are comprised of and determined, as follows:

	2019			Totals
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Common stock	\$ 841,417	\$ -	\$ -	\$ 841,417
Corporate obligations	360,044	-	-	360,044
Investments at fair value	<u>\$ 1,201,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,201,461</u>
	2018			Totals
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Common stock	\$ 820,471	\$ -	\$ -	\$ 820,471
Corporate obligations	353,736	-	-	353,736
Investments at fair value	<u>\$ 1,174,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,207</u>

**Note 7 - PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of June 30, 2019 and 2018:

	2019	2018
Land	\$ 30,200	\$ 30,200
Buildings and improvements	2,273,417	2,207,147
Office furniture and equipment	310,986	327,492
Vehicles	103,035	103,035
	<u>2,717,638</u>	<u>2,667,874</u>
Less: accumulated depreciation and amortization	<u>1,882,013</u>	<u>1,800,728</u>
	<u>\$ 835,625</u>	<u>\$ 867,146</u>

**Note 8 - 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 was no line of credit as of June 30, 2019 and 2018. During the years ended June 30, 2019 and 2018, no interest was capitalized relating to these properties.

**Note 9 - CAPITAL LEASE OBLIGATIONS**

In July 2018, PRC acquired copiers 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, 2019 and 2018, was \$16,265 and \$3,124, respectively.

Interest expense on capital leases totaled \$929 and \$305 for the years ended June 30, 2019 and 2018, respectively.

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, 2019:

Year ending June 30,	
2020	\$ 4,512
2021	4,512
2022	4,512
2023	4,512
Less amounts representing interest	<u>(1,452)</u>
Present value of minimum capital lease payments	<u>\$ 16,596</u>

**Note 10 - NOTES PAYABLE**

On March 20, 2009, PRC entered into a Memorandum of Understanding with the New Orleans Redevelopment Authority (NORA) wherein PRC purchased 20 properties from NORA in order to rehab the properties no later than 270 days from NORA providing a clear title to properties. The properties are then to be sold by PRC for homeownership. The purchase price was the sum of \$168,000, of which PRC deposited 20% upon execution of the agreement. When PRC executes an act of sale, it will pay the balance due upon that property. As of June 30, 2019 and 2018, the remaining balance due was \$24,000 and \$56,000, respectively.

In June 2009, PRC entered into a note payable with a private entity for \$188,000 with a stated interest of 6% per annum from date, was amortized over ten years and matured in 2014. In 2014, the note was extended for five years with a new maturity date of June 2019 and an interest rate of 5% per annum. The note was due in monthly installments of principal and interest of \$2,038 and is collateralized by the land and buildings of PRC's headquarters. The note was paid in full during the year ended June 30, 2019. The outstanding balance on the note was \$23,191 as of June 30, 2018.

The total maturities of long-term debt as of June 30, 2019 are as follows:

Year Ending June, 30	
2020	<u>\$ 24,000</u>

PRC incurred interest expense on notes payable of \$618 and \$2,408 during the years ended June 30, 2019 and 2018, respectively. PRC did not capitalize interest into properties during the years ended June 30, 2019 and 2018.

**Note 11 - 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, 2019 and 2018:

Fund	Purpose	2019	2018
Quasi-endowment fund	Quasi-endowment	\$ 2,147,953	\$ 1,240,430
Aron fund	Historic restoration	21,256	55,154
OC revolving fund	Historic restoration	318,450	49,219
Historic Faubourg St. Mary fund	Easement maintenance	3,670	3,654
Easement donation fund	Easement maintenance	576,841	188,746
		<u>\$ 3,068,170</u>	<u>\$ 1,537,203</u>

**Note 11 - DESIGNATED FUNDS (Continued)**

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

**Note 12 - 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, 2019 and 2018 are available for the following purpose:

	<u>2019</u>	<u>2018</u>
Home purchases and construction	<u>\$2,058,571</u>	<u>\$815,179</u>

Net assets released from restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions satisfied:		
Home purchases and construction	<u>\$388,488</u>	<u>\$589,765</u>

**Note 13 - 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 14 - 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.

**Note 14 - RETIREMENT PLAN (Continued)**

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 \$9,439 and \$10,998 for the years ended June 30, 2019 and 2018, respectively.

**Note 15 - CONSERVATION EASEMENTS**

PRC holds conservation easements placed on various properties. As of June 30, 2019 and 2018, approximately 128 and 124, respectively, 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 16 - 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 17 - 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.

**Note 17 - AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The following reflects PRC's financial assets as of June 30, 2019, reduced by amounts not available for general use because of donor-imposed restrictions.

Financial assets:	
Cash and cash equivalents	\$ 2,873,443
Grants receivable	483,955
BP settlement receivable	1,793,814
Other receivables	45,998
Investments	1,201,461
Pledges receivable, net	<u>37,420</u>
 Total financial assets as of June 30, 2019	  6,436,091
 Less amounts unavailable for general expenditures within one year, due to: Donor imposed restrictions:	
Restricted by donors with purpose restrictions	  <u>(2,058,571)</u>
 Financial assets available to meet cash needs for general expenditure within one year before governing board designations	  4,377,520
 Less: Governing board designations	 <u>(3,068,170)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,309,350</u>



## **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, 2019

**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/>
	<b>\$ 0</b>

Note: No public funds were used to pay Ms. Del Sol's salary, benefits, or any other compensation during the year ended June 30, 2019.

**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, 2019, 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 18, 2019.

**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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 18, 2019.

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

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 Compliance for Each Major Federal Program**

We have audited the compliance of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (a nonprofit organization) (PRC), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of PRC's major federal programs for the year ended June 30, 2019. PRC's 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the PRC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 PRC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, PRC 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, 2019.

### **Report on Internal Control Over Compliance**

Management of PRC is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered PRC's 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 circumstance for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PRC's internal control over compliance.

A deficiency in internal control over compliance 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 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 control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 18, 2019.



# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

For the year ended June 30, 2019

Federal Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures	Subrecipient Costs
<b>U.S. Department of Housing &amp; Urban Development</b>				
Pass-through Programs From:				
<u>State of Louisiana Office of Community Development:</u>				
Community Development Block Grant	ILOC-00039	14.228	\$147,278	\$ -
<u>Louisiana Housing Corporation:</u>				
Community Development Block Grant	B-06-DG-22-0002	14.228	355,941	-
<u>City of New Orleans:</u>				
Community Development Block Grant	CDBG2017-001	14.218	157,024	-
HOME Investment Partnerships Program	HOME2015-011	14.239	84,759	-
			<u>745,002</u>	<u>-</u>
<b>Corporation for National and Community Service</b>				
Pass-through Programs From:				
<u>State of Louisiana Office of the Lieutenant Governor - Volunteer Louisiana Commission</u>				
Americorps	18AFHLA0010004	94.006	109,445	-
<b>Delta Regional Authority</b>				
Delta Area Economic Development		90.201	3,497	-
<b>Department of Interior</b>				
Pass-through Programs From:				
<u>Louisiana Department of Culture, Recreation, and Tourism</u>				
Historic Preservation Fund	18-HP-08	15.904	9,000	-
Historic Preservation Fund	18-HP-03	15.904	35,000	-
			<u>44,000</u>	<u>-</u>
Total expenditures of federal awards			<u>\$901,944</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

For the year ended June 30, 2019

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC). All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

#### **b. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the PRC's financial statements for the year ended June 30, 2019. PRC has not elected to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

## **SCHEDULE OF 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, 2019

### **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 ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

Internal controls over major programs:

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

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance ☐ Yes ☒ No

## Section I - Summary of Auditor's Results (Continued)

### c) Identification of Major Programs:

CFDA Number

Name of Federal Program

14.228

Community Development Block Grant

Dollar threshold used to distinguish  
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?      Yes X No

## 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 noted during the audit of the financial statements for the year ended June 30, 2019.

No significant deficiencies were noted during the audit of the financial statements for the year ended June 30, 2019.

### Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2019.

## Section III - Federal Award Findings and Questioned Costs

### 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, 2019 related to internal control and compliance material to federal awards.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR 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, 2019

### **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 noted during the audit of the financial statements for the year ended June 30, 2018.

No significant deficiencies were noted during the audit of the financial statements for the year ended June 30, 2018.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2018.

### **Section II - Internal Control and Compliance Material to Federal Awards**

PRC did not expend more than \$750,000 in Federal awards during the year ended June 30, 2018, and therefore, is exempt from the audit requirements under the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

## **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, 2019

### **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 noted during the audit of the financial statements for the year ended June 30, 2019.

No significant deficiencies were noted during the audit of the financial statements for the year ended June 30, 2019.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2019.

### **Section II - Internal Control and Compliance Material to Federal Awards**

PRC did not expend more than \$750,000 in Federal awards during the year ended June 30, 2018, and therefore, is exempt from the audit requirements under the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

**STATEWIDE AGREED UPON PROCEDURES (R.S. 24:513)**



**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**

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 performed the procedures described below, which were agreed to by Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC) 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 year ended June 30, 2019. PRC's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described below:

**Written Policies and Procedures**

1. Obtain and inspect PRC's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and PRC's operations):

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: We obtained the written policies and procedures and verified that they address the budgeting process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Written Policies and Procedures (Continued)

- 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 Louisiana Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Performance: We obtained the written policies and procedures and verified that they address the purchasing process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) Disbursements, including processing, reviewing, and approving.

Performance: We obtained the written policies and procedures and verified that they address the disbursement process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- d) Receipts/collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.

Performance: We obtained the written policies and procedures and verified that they address the receipt process, including all points listed above, except for the completeness of collections for each type of revenue.

Exceptions: The written policies and procedures did not address management's actions to determine the completeness of all collections for each type of revenue.

Management's response: Management has a process for determining the completeness of all collections for each type of revenue and will update the written policies and procedures to include the completeness process.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: We obtained the written policies and procedures and verified that they address the payroll process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Written Policies and Procedures (Continued)

- 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.

Performance: We obtained the written policies and procedures and verified that they address the contracting process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- 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 of statements; and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Performance: We obtained the written policies and procedures and verified that they address the credit card process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- h) Travel and expense reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

Performance: We obtained the written policies and procedures and verified that they address the travel and expense reimbursement process, including all points listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- 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, annually attest through signature verification that they have read the entity's ethics policy.

Not applicable for not-for-profit entities.

- j) Debt Service, including (1) debt issuance approval; (2) continuing disclosure/EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements.

Not applicable for not-for-profit entities.

Written Policies and Procedures (Continued)

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: We obtained the written policies and procedures and noted there was no disaster recovery/business continuity written policy.

Exceptions: PRC does not have a written policy for disaster recovery/business continuity.

Management's response: Management has a policy for disaster recovery, but it is not formally documented. The policy includes identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event. Management will update its written policies and procedures to include the disaster recovery/business continuity process.

Board or Finance Committee

2. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Performance: We obtained the bylaws and determined that at a minimum eight meetings are required during a fiscal year. We then obtained board minutes, noting the board met twelve times during the fiscal year.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Not applicable.

Board or Finance Committee (Continued)

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable.

Bank Reconciliations

- 3. Obtain a listing of PRC's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify PRC's main operating account. Select PRC's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that: (We obtained the listing of the bank accounts from management and obtained a representation from management that the listing is complete. We selected the main operating account for PRC and a random sample of four additional accounts.)

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged).

Performance: We obtained the bank reconciliation for the main operating account and four additional accounts randomly selected and noted some, but not all reconciliations had documentation that they were prepared within two months of the related statement closing date.

Exceptions: Two of the five reconciliations tested did not have evidence that the date the reconciliation was prepared was within two months.

Management's response: Management will implement additional controls surrounding the bank reconciliation process to ensure all bank reconciliations are dated by hand, or electronically scanned with a date and time stamp, evidencing the date that the reconciliation was completed.

Bank Reconciliations (Continued)

- b) Bank reconciliations include evidence that a member of management/board who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Performance: We obtained the bank reconciliation for the main operating account and four additional accounts randomly selected and noted there is no review of reconciliations by a member of management/board member who does not handle cash, post ledgers, or issue checks.

Exceptions: The reconciliations tested did not evidence review by a member of management/board member who does not handle cash, post ledgers, or issue checks. Instead, the only reviewer of bank reconciliations is by the CFO, who is able to post to the general ledger.

Management's response: Management will implement additional controls surrounding the bank reconciliation process to ensure proper review by management/board members. After the CFO reviews the bank reconciliations, the reconciliations will be emailed to the Board Treasurer for additional review.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: We obtained the bank reconciliation for the main operating account and four additional accounts randomly selected and noted there were no reconciling items that have been outstanding for more than 12 months from the statement closing date to be researched.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Performance: We obtained the listing of collection locations and a representation from management that the listing is complete.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Collections (Continued)

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: We noted through inquiry of management that the employee responsible for cash collections does not share a cash drawer.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documents (e.g., pre-numbered receipts) to the deposit.

Performance: We noted through inquiry of management that the employee responsible for cash collections is not responsible for preparing/making bank deposits.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: We noted through inquiry of management that the employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: We noted through inquiry of management that the employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Collections (Continued)

6. Inquire of management that all employees who have access to cash are covered by a bond of insurance policy for theft.

Performance: We noted through inquiry of management that all employees who have access to cash are covered by an insurance policy for theft.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #4 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:

We randomly selected two deposit dates for each PRC bank account noted within procedure #4 above. We obtained supporting documentation and verified that the deposit documentation addresses the areas as follows:

- a) Observe that receipts are sequentially pre-numbered.

Performance: We observed that each deposit report included sequentially pre-numbered receipts.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documents to the deposit slip.

Performance: We traced sequentially pre-numbered receipts and other related collection documentation to the deposit slip for each deposit.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: We traced the deposit slip total to the actual deposit per the bank statement for each deposit.

Exceptions: No exceptions were noted.

Management's response: Not applicable.



Collections (Continued)

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: We noted the deposits were made within one business day of receipt at the collection location for each deposit.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: We traced the actual deposit per the bank statement to the general ledger for each deposit.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

Performance: We obtained the listing of PRC locations that process payments and a representation from management that the listing is complete.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

We selected one location, as PRC only operates in one location, obtained written policies and procedures surrounding non-payroll purchasing and payment functions, inquired of employees regarding job duties, and examined supporting documentation and verified the following:

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) (Continued)

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: We noted through inquiry of management that several employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: We noted through inquiry of management that at least two employees are involved in processing and approving payments to vendors.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: We noted through inquiry of management that various employees are able to add/modify vendor files and that there is no periodic review of changes to vendor files.

Exceptions: We noted through inquiry of management that the employee responsible for processing payments has the ability to add/modify vendor files, and the vendor file changes are not periodically reviewed.

Management's response: Management will implement additional controls surrounding the disbursement process to ensure there is a periodic review of the changes made to the vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: We noted through inquiry of management that the person who processes the payment typically mails the signed check.

Exceptions: The employee responsible for mailing the signed checks is also responsible for processing payments.

Management's response: Management will implement additional controls surrounding the disbursement process to ensure segregation of duties. The check signer will either mail the check directly, or will forward the signed check to a different employee for mailing.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) (Continued)

10. For each location selected under #8 above, obtain PRC's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

For the single PRC location tested under #8 above, we obtained PRC's non-payroll disbursement transaction population, excluding cards and travel reimbursements, and obtained management's representation that the population was complete. For five randomly selected disbursements, we verified the following:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: We noted through observation of the disbursement and invoice that the disbursement matched the related original invoice/billing statement.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: We noted through observation of the disbursement that segregation of duties tested under #9 above were appropriate.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained the listing of credit cards and a representation from management that the listing is complete.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

We obtained the listing prepared by management and noted there is one corporate account with multiple account holders. We selected the corporate statement for one month and tested each cardholder on the combined statement. PRC does not have debit cards, fuel cards, or P-cards.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Performance: We obtained the combined statement and supporting documentation for each credit card selected under #12 above. We reviewed the statement for supporting documentation, noting three of the four tested cardholders were reviewed and approved, in writing, by someone other than the authorized card holder. For one of the four cardholders (Executive Director), we noted there was no evidence of review on the physical statement.

Exceptions: For one of the four cardholders, we noted there was no evidence of review on the physical statement.

Management's response: Management will ensure that a member of the Board of Directors will review and approve the Executive Director's monthly statement and supporting documentation.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: We inspected the selected statements for late fees, noting no late fees were assessed.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased; (2) written documentation of the business/public purpose; and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

Performance: We obtained supporting documentation for ten randomly selected transactions for each cardholder selected under #12 above. For each transaction, we observed that the transaction was supported by an original itemized receipt that identified precisely what was purchased, written documentation of the business/public purpose, and documentation of the individuals (or meeting) participating in meals (for meal charges only). There were no missing receipts for our tested items.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Travel and Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

PRC did not have any travel and travel-related expenses during the fiscal year. Management represented that there were no such expenses.

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Not applicable.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Not applicable.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Not applicable.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

We obtained a listing from management of all contracts in effect during the year ended June 30, 2019. We obtained management's representation that the listing is complete.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: We obtained copies of five randomly selected contracts and confirmed that the contracts were bid in accordance with the Louisiana Public Bid Law.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: We obtained copies of five randomly selected contracts and confirmed that the contracts were appropriately approved.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such amendment.

Performance: We obtained copies of five randomly selected contracts and noted one of the five selected contracts was amended. We confirmed for the amended contract that the original contract terms provided for such an amendment.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Contracts (Continued)

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: We randomly selected one payment from the fiscal period for each of the five contracts selected for testing and obtained the supporting invoice. We confirmed that the invoice agreed to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected one pay period during the fiscal year and obtained attendance records and leave documentation for the five employees selected under #16 above. We noted two of the five employees selected did not start employment until later in the year. For these two employees, we selected additional pay periods to test.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: We observed for the five employees selected that employees documented their daily attendance and leave.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Payroll and Personnel (Continued)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: We observed for the five employees selected that there is written documentation that supervisors approved the attendance and leave.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the PRC's cumulative leave records.

Performance: We observed for the five employees selected that PRC maintained a schedule of leave accrued and taken.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Performance: We obtained a listing of employees/officials that received termination payments during the fiscal period and management's representation that the listing is complete. We randomly selected two employees and obtained related documentation of the hours and pay rates used in management's termination payment calculation. We agreed the hours to the employee's cumulative leave records and agreed the pay rates to the employee's authorized pay rates in the employee's personnel files.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed by required deadlines.

Exceptions: No exceptions were noted.

Management's response: Not applicable.



Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Not applicable for not-for-profit entities.

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable for not-for-profit entities.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Not applicable for not-for-profit entities.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

Not applicable for not-for-profit entities.

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

Not applicable for not-for-profit entities.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: We obtained representation from management that there were no misappropriation of public funds during the fiscal period.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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

Performance: We observed that both the PRC premise and PRC website do not have the noticed required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted.

Exceptions: PRC has not posted on its premise and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's response: Management represented that the notice will be posted on the premise as well as the website.

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 these 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 purpose of this report is 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 Statue 23:513, this report is distributed by the LLA as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 18, 2019.