

Financial Report

(Reviewed)

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

June 30, 2024



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

Financial Report

(Reviewed)

Preservation Alliance of New Orleans, Inc.

d/b/a

Preservation Resource Center of New Orleans

New Orleans, Louisiana

June 30, 2024

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

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FINANCIAL SECTION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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 reviewed the accompanying financial statements of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of PRC's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of PRC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The 2024 supplementary information included 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. 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in black ink that reads "Bougeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
November 5, 2024.

STATEMENTS OF FINANCIAL POSITION

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

June 30, 2024 and 2023

See Independent Accountant's Review Report

ASSETS

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 2,065,508	\$ 1,922,810
Accounts receivable	45,445	60,778
Grants receivable	8,776	15,447
Unconditional promises to give	-	2,500
Other asset	1,500	-
Inventory	9,195	7,184
Right-of-use assets	5,380	-
Prepaid expenses	99,095	122,454
Investments	5,639,061	5,330,984
Property and equipment, net	311,422	396,797
Total assets	<u>\$ 8,185,382</u>	<u>\$ 7,858,954</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 25,420	\$ 5,450
Accrued liabilities	72,275	59,358
Security deposits	4,800	-
Deferred revenue	10,602	1,955
Insurance note payable	41,298	101,933
Lease liability	5,380	-
Total liabilities	<u>159,775</u>	<u>168,696</u>
Net Assets		
Without donor restrictions:		
Undesignated	1,692,135	1,949,004
Designated	4,573,867	4,348,374
With donor restrictions	1,759,605	1,392,880
Total net assets	<u>8,025,607</u>	<u>7,690,258</u>
Total liabilities and net assets	<u>\$ 8,185,382</u>	<u>\$ 7,858,954</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, 2024

See Independent Accountant's Review Report

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Contributions	\$ 216,942	\$ -	\$ 216,942
Memberships	237,760	-	237,760
Grant income	104,536	372,897	477,433
Special events, net of direct benefit expenses of \$71,015	389,259	-	389,259
Investment income, net	497,149	-	497,149
Fees, sales, and other revenue	319,710	-	319,710
Net assets released from restrictions - satisfaction of restrictions	6,172	(6,172)	-
Total support and revenue	1,771,528	366,725	2,138,253
Expenses			
Program services:			
Advocacy	106,514	-	106,514
Preservation in Print	243,078	-	243,078
Revival Grants	117,700	-	117,700
Education and Outreach/other	438,030	-	438,030
Total program services	905,322	-	905,322

**Exhibit B-1
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	668,645	-	668,645
Fundraising	<u>228,937</u>	<u>-</u>	<u>228,937</u>
Total supporting services	<u>897,582</u>	<u>-</u>	<u>897,582</u>
Total expenses	<u>1,802,904</u>	<u>-</u>	<u>1,802,904</u>
Changes in net assets	(31,376)	366,725	335,349
Net Assets			
Beginning of year	<u>6,297,378</u>	<u>1,392,880</u>	<u>7,690,258</u>
End of year	<u><u>\$ 6,266,002</u></u>	<u><u>\$ 1,759,605</u></u>	<u><u>\$ 8,025,607</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, 2023

See Independent Accountant's Review Report

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Contributions	\$ 214,118	\$ 100,000	\$ 314,118
Memberships	224,603	-	224,603
Grant income	92,605	-	92,605
Special events, net of direct benefit expenses of \$48,415	339,836	-	339,836
Investment loss, net	478,007	-	478,007
Fees, sales, and other revenue	161,907	-	161,907
Employee Retention Credit	79,711	-	79,711
Net assets released from restrictions - satisfaction of restrictions	11,097	(11,097)	-
Total support and revenue	1,601,884	88,903	1,690,787
Expenses			
Program services:			
Advocacy	102,367	-	102,367
Preservation in Print	249,912	-	249,912
Revival Grants	73,003	-	73,003
Educational Outreach/other	432,393	-	432,393
Total program services	857,675	-	857,675

Exhibit B-2
(Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	678,426	-	678,426
Fundraising	<u>215,892</u>	<u>-</u>	<u>215,892</u>
Total supporting services	<u>894,318</u>	<u>-</u>	<u>894,318</u>
Total expenses	<u>1,751,993</u>	<u>-</u>	<u>1,751,993</u>
Changes in net assets	(150,109)	88,903	(61,206)
Net Assets			
Beginning of year	<u>6,447,487</u>	<u>1,303,977</u>	<u>7,751,464</u>
End of year, restated	<u><u>\$ 6,297,378</u></u>	<u><u>\$ 1,392,880</u></u>	<u><u>\$ 7,690,258</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, 2024

See Independent Accountant’s Review Report

	Program Activities				Supporting Activities				
	Advocacy	Preservation in Print	Revival Grants	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	Totals
Advertising and promotion	\$ -	\$ 350	\$ -	\$ 30,040	\$ 30,390	\$ -	\$ 19,100	\$ 19,100	\$ 49,490
Bad debt	-	-	-	-	-	8,977	-	8,977	8,977
Bank charges	-	-	-	8	8	23,659	869	24,528	24,536
Construction	-	-	67,676	7,137	74,813	236	-	236	75,049
Contract services	-	8,315	-	-	8,315	20,857	-	20,857	29,172
Depreciation	-	-	-	-	-	97,816	-	97,816	97,816
Employee benefits	10,898	22,767	1,994	39,677	75,336	31,999	18,234	50,233	125,569
Event and fundraising expenses	-	-	-	58,913	58,913	1,256	61,897	63,153	122,066
Lease expense	-	-	-	-	-	1,596	-	1,596	1,596
Insurance	-	-	-	100	100	95,629	-	95,629	95,729
Interest	-	-	-	-	-	3,350	-	3,350	3,350
Office expense	643	8,362	70	12,135	21,210	32,315	2,530	34,845	56,055
Postage and printing	48	62,382	95	12,618	75,143	4,593	9,862	14,455	89,598
Professional fees	-	-	4,808	9,300	14,108	34,053	-	34,053	48,161
Repairs and maintenance	-	-	-	-	-	5,991	-	5,991	5,991
Salaries	92,026	137,649	43,046	258,414	531,135	211,897	165,738	377,635	908,770
Technology expense	-	-	-	6,705	6,705	31,550	20,344	51,894	58,599
Travel expense	2,621	2,750	-	2,105	7,476	8,902	792	9,694	17,170
Utilities	278	503	11	878	1,670	53,969	586	54,555	56,225
Total expenses	106,514	243,078	117,700	438,030	905,322	668,645	299,952	968,597	1,873,919
Less special events direct benefit expenses	-	-	-	-	-	-	(71,015)	(71,015)	(71,015)
Total expenses less special event direct benefit expenses	\$ 106,514	\$ 243,078	\$ 117,700	\$ 438,030	\$ 905,322	\$ 668,645	\$ 228,937	\$ 897,582	\$ 1,802,904

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, 2023

See Independent Accountant’s Review Report

	Program Activities				Supporting Activities				
	Advocacy	Preservation in Print	Revival Grants	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	Totals
Advertising and promotion	\$ -	\$ 175	\$ -	\$ 13,087	\$ 13,262	\$ -	\$ 1,500	\$ 1,500	\$ 14,762
Bad debt	-	17,178	-	-	17,178	-	-	-	17,178
Bank charges	12	895	-	1,773	2,680	16,220	1,619	17,839	20,519
Construction	-	-	53,549	6,694	60,243	-	-	-	60,243
Contract services	121	3,700	936	12,718	17,475	28,639	-	28,639	46,114
Depreciation	-	-	-	-	-	90,360	-	90,360	90,360
Employee benefits	12,186	19,333	1,364	34,738	67,621	39,986	15,272	55,258	122,879
Event and fundraising expenses	583	-	-	39,214	39,797	682	65,179	65,861	105,658
Insurance	-	-	-	100	100	82,868	-	82,868	82,968
Interest	-	-	-	-	-	199	-	199	199
Office expense	1,617	5,281	-	10,810	17,708	18,602	2,791	21,393	39,101
Postage and printing	163	68,146	9	10,760	79,078	3,874	6,757	10,631	89,709
Professional fees	-	-	-	8,627	8,627	35,882	-	35,882	44,509
Repairs and maintenance	-	-	-	-	-	11,097	-	11,097	11,097
Salaries	84,987	130,723	17,129	239,143	471,982	267,016	150,591	417,607	889,589
Technology expense	775	656	-	2,663	4,094	31,432	19,947	51,379	55,473
Travel expense	1,647	3,321	16	51,218	56,202	2,344	73	2,417	58,619
Utilities	276	504	-	848	1,628	49,225	578	49,803	51,431
Total expenses	102,367	249,912	73,003	432,393	857,675	678,426	264,307	942,733	1,800,408
Less special events direct benefit expenses	-	-	-	-	-	-	(48,415)	(48,415)	(48,415)
Total expenses less special event direct benefit expenses	\$ 102,367	\$ 249,912	\$ 73,003	\$ 432,393	\$ 857,675	\$ 678,426	\$ 215,892	\$ 894,318	\$ 1,751,993

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, 2024 and 2023

See Independent Accountant's Review Report

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 335,349	\$ (61,206)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Bad debt	8,977	17,178
Depreciation and amortization	97,816	90,360
Realized and unrealized gain on investments	(321,464)	(317,495)
(Increase) decrease in operating assets:		
Grants receivable	6,671	4,055
Unconditional promises to give	-	9,500
Employer Retention Credit receivable	-	79,711
Rebuilding Together receivable	-	72,986
Accounts receivable	8,856	(17,086)
Other asset	(1,500)	-
Inventory	(2,011)	(5,377)
Prepaid expenses	23,359	(26,658)
Increase (decrease) in operating liabilities:		
Accounts payable	19,970	(17,849)
Accrued vacations	12,917	29,035
Security deposits	4,800	-
Deferred revenue	8,647	-
	<u>202,387</u>	<u>(142,846)</u>
Net cash provided by (used in) operating activities		
	<u>202,387</u>	<u>(142,846)</u>
Cash Flows From Investing Activities		
Proceeds from sales/maturities of investments	661,805	658,181
Purchases of investments	(648,418)	(842,471)
Purchases of property and equipment	(12,441)	(128,374)
	<u>946</u>	<u>(312,664)</u>
Net cash provided by (used in) investing activities		
	<u>946</u>	<u>(312,664)</u>

**Exhibit D
(Continued)**

	<u>2024</u>	<u>2023</u>
Cash Flows From Financing Activities		
Proceeds from insurance notes payable	45,887	101,933
Payments on insurance note payable	(106,522)	-
Payments on capital lease obligations	<u>-</u>	<u>(4,325)</u>
Net cash provided by (used in) financing activities	<u>(60,635)</u>	<u>97,608</u>
Net Increase (Decrease) in Cash and Cash Equivalents	142,698	(357,902)
Cash and Cash Equivalents		
Beginning of year	<u>1,922,810</u>	<u>2,280,712</u>
End of year	<u><u>\$ 2,065,508</u></u>	<u><u>\$ 1,922,810</u></u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u><u>\$ 3,350</u></u>	<u><u>\$ 199</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, 2024 and 2023

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.

Preservation in Print

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

Revival Grants

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

Note 1 - NATURE OF ACTIVITIES (Continued)

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.

Advocacy

The PRC proposes and supports legislation favorable to historic preservation and works to prevent the passage of legislation and proposals that are detrimental to the preservation of our historic architecture and neighborhoods. The PRC gets involved in issues addressed in *Preservation in Print* as well as those raised by neighborhood associations, the City Council, the City Planning Commission, the Historic District Landmarks Commission, the Board of Zoning Adjustment, the State Legislature, and the U.S. Congress.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Organization and Income Taxes (Continued)

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, 2024, 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, 2021 and later remain subject to examination by the taxing authorities.

b. Basis of Accounting

The financial statements of PRC are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board. 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.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023 included \$1,678,075 and \$1,625,254, respectively, of investments in U.S. Treasury money market funds.

If the grantor makes it a requirement, PRC deposits restricted grant monies into a designated account. There were no restricted deposits as of June 30, 2024 and 2023.

f. Promises to Give

Contributions are recognized when the donor makes a promise to give to PRC that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give as of June 30, 2024 and 2023.

Unconditional promises are recorded net of an allowance for uncollectible amounts estimated by the management of PRC. All pledges are deemed fully collectible as of June 30, 2024 and 2023.

g. Accounts Receivable and Grant Receivables

Accounts receivable and grant receivables are stated at the amount management expects to collect from outstanding balances.

PRC extends credit to its customers and has a balance on an unsecured basis. Other receivables are stated at the amount management expects to collect based on their review of outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has concluded that based on estimates of the collectability of each account, a valuation allowance was not needed. There was no allowance as of June 30, 2024 and 2023.

PRC estimates credit losses associated with other receivables using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Accounts Receivable and Grant Receivables (Continued)

PRC's approach considers a number of factors, including overall historical credit losses and payment experience, as well as current collection trends such as write-off frequency.

h. Investments

Investments in common stock, corporate obligations, government obligations, and real estate investment trusts 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.

i. Property and Equipment

Property and equipment are 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 \$97,816 and \$90,360 for the years ended June 30, 2024 and 2023, respectively.

j. Deferred Revenue

Deferred revenue results from PRC recognizing advertising and sponsorships in the period in which the related publication or event occurs. Accordingly, advertising and sponsorships received for magazines or events which are published or occur in the following year are deferred until the magazine is published or the event is held.

k. Revenue Recognition

Revenue from Exchange Transactions: PRC recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenues from Contracts with Customers" (Topic 606), as amended. ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. PRC records the following exchange transaction revenue in its Statements of Activities for the years ended June 30, 2024 and 2023:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Revenue Recognition (Continued)

Membership Revenue

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

Special Events

PRC conducts fundraisers in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefit received by the participant of the event, the exchange component, and a portion represents a contribution to PRC. The fair value of meals, entertainment, and benefits provided by the event is measured at the actual cost to PRC. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs, which ultimately benefit the donor rather than PRC, are recorded as fundraising expenses in the Statements of Activities. The performance obligation is the event. FASB ASU No. 2014-09 requires allocation of the transaction price to the performance obligation. Accordingly, PRC separately presents in Note 14 the exchange and contribution components of the gross proceeds from special events.

Fees, Sales, and Other Revenue

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

The following table summarizes contract assets and liabilities as of June 30, 2024, June 30, 2023, and July 1, 2022:

	<u>Contract Assets</u>	<u>Contract Receivables</u>	<u>Contract Liabilities</u>
June 30, 2024	\$ <u> </u> -	\$ <u>45,445</u>	\$ <u>10,602</u>
June 30, 2023	\$ <u> </u> -	\$ <u>60,778</u>	\$ <u>1,955</u>
July 1, 2022	\$ <u> </u> -	\$ <u>60,870</u>	\$ <u>4,325</u>

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Contributions and Grants

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

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

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

m. Donated Services

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. There were no significant volunteer services received with an objective basis for measurement for the years ended June 30, 2024 and 2023.

n. 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 fees, utilities, and other expenses based on management's estimate of use by each program and supporting function. Salaries and employee benefits are allocated based on management's estimate of effort by each program and supporting function.

o. Advertising and Promotion

PRC expenses advertising costs as incurred. During the years ended June 30, 2024 and 2023, PRC's advertising costs charged to expense were \$49,400 and \$14,762, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Recently Issued Accounting Standards

Current Expected Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses*” (Topic 326) and has since modified the standard with several ASUs (collectively, the “new credit loss standard”). The new credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. As of January 1, 2023, PRC has adopted this standard, and it was applied prospectively after this date.

q. Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

r. 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 November 5, 2024, 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, 2024, uninsured cash and cash equivalent balances were approximately \$16,000.

Note 4 - ACCOUNTS RECEIVABLE

Accounts receivable balances are predominantly comprised of amounts currently due from advertisers. The following table summarizes receivables and related allowance for credit losses as of June 30, 2024 and 2023 and July 1, 2022.

	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>	<u>July 1,</u> <u>2022</u>
Accounts receivable, gross	\$ 45,445	\$ 60,778	\$ 60,870
Allowance for credit losses	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable, net of credit losses	<u>\$ 45,445</u>	<u>\$ 60,778</u>	<u>\$ 60,870</u>

PRC estimates credit losses on accounts receivable by applying an expected credit loss model, which relies on delinquency and historical loss data to calculate default probabilities. The assessment of default probabilities includes receivables delinquency status, historical loss experience and how long the receivables have been outstanding. PRC also considers the need to adjust the estimate of credit losses on receivables for reasonable and supportable forecasts and internal statistical analyses.

The following table presents the delinquency status as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current - 30 days	\$ 19,917	\$ 25,920
31-60 days	500	3,900
61-90 days	7,730	5,410
Greater than 90 days	<u>17,298</u>	<u>25,548</u>
Accounts receivable	<u>\$ 45,445</u>	<u>\$ 60,778</u>

Credit losses have not been significant historically. There is no allowance for credit losses for the years ended June 30, 2024 and 2023.

Note 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ -	\$ 2,500
Less allowance for uncollectible account	<u>-</u>	<u>-</u>
Pledges receivable, net	<u>\$ -</u>	<u>\$ 2,500</u>

Note 6 - INVESTMENTS

Investments consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Common stock	\$ 3,397,399	\$ 3,102,742
Corporate obligations	1,987,490	1,967,358
Government obligations	189,467	187,641
Real estate investment trust	<u>64,705</u>	<u>73,243</u>
Totals	<u>\$ 5,639,061</u>	<u>\$ 5,330,984</u>

Net investment income for the years ended June 30, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 205,046	\$ 189,071
Realized loss on investments	(22,595)	(24,231)
Unrealized gain on investments	344,059	341,726
Investment fees	<u>(29,361)</u>	<u>(28,559)</u>
Investment income, net	<u>\$ 497,149</u>	<u>\$ 478,007</u>

Note 7 - FAIR VALUE MEASUREMENTS

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

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Common stocks, corporate obligations, and government obligations: Valued at the closing price reported on the active market on which the investments are traded.

Real estate investment trust: Valued at net asset value (NAV). The funds held by PRC are deemed to be actively traded.

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 7 - FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023 are comprised of and determined, as follows:

2024				
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Totals
Common stock	\$ 3,397,399	\$ -	\$ -	\$ 3,397,399
Corporate obligations	1,987,490	-	-	1,987,490
Government obligations	189,467	-	-	189,467
Real estate investment trust	64,705	-	-	64,705
Investments at fair value	<u>\$ 5,639,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,639,061</u>
2023				
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Totals
Common stock	\$ 3,102,742	\$ -	\$ -	\$ 3,102,742
Corporate obligations	1,967,358	-	-	1,967,358
Government obligations	187,641	-	-	187,641
Real estate investment trust	73,243	-	-	73,243
Investments at fair value	<u>\$ 5,330,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,984</u>

Note 8 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 1,918,973	\$ 1,912,023
Office furniture and equipment	308,429	302,939
Website	59,185	-
Construction in progress	<u>-</u>	<u>59,185</u>
	2,286,587	2,274,147
Less: accumulated depreciation and amortization	<u>(1,975,165)</u>	<u>(1,877,350)</u>
	<u>\$ 311,422</u>	<u>\$ 396,797</u>

Depreciation expense totaled \$97,816 and \$90,360 for the years ended June 30, 2024 and 2023, respectively.

Note 9 - LEASES

Operating Leases

Lessor

PRC executed an agreement on July 31, 2021 to lease portions of its office building. The lease was \$3,500 per month from August 1, 2021 through July 31, 2022 and \$3,750 through June 30, 2023. The lease was terminated effective July 1, 2023.

PRC executed an agreement on June 30, 2023 to lease portions of its office building. The lease is \$4,800 per month from July 1, 2023 through June 30, 2025. The lease has several renewal options, and the lease can be terminated by the lessor after completion of the initial term. The future minimum rentals under the operating lease as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	
2025	<u>\$ 57,600</u>

For the years ended June 30, 2024 and 2023, income from the lease totaled \$57,600 and \$38,500, respectively. For the years ended June 30, 2024 and 2023 other rental income totaled \$2,000 and \$2,550, respectively. Rental income is included in fees, sales, and other revenue on the Statements of Activities.

Note 9 - LEASES (Continued)

Lease

PRC leases office equipment. The lease commenced in July 2023, and is for a period of five years and expires on June 30, 2028. The lease agreement calls for annual payments of \$1,596.

Reported under FASB ASC 842 for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Lease Cost		
Operating lease costs	<u>\$ 1,596</u>	<u>\$ -</u>
Cash Flow Items		
Cash paid for amounts included in the measurement of lease liabilities	<u>\$ 1,596</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ 6,478</u>	<u>\$ -</u>
Operating lease right-of-use assets	<u>\$ 5,380</u>	<u>\$ -</u>
Operating lease liability	<u>\$ 5,380</u>	<u>\$ -</u>
Weighted-Average Information		
Weighted-average remaining lease in years operating lease	4	-
Weighted-average discount rate: operating lease	8.50%	-

Future minimum lease payments as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2025	\$ 1,596
2026	1,596
2027	1,596
2028	<u>1,596</u>
	6,384
Total lease payments less interest	<u>(1,004)</u>
Present value of lease liability	<u>\$ 5,380</u>

Note 9 - LEASES (Continued)

Finance Leases

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

Interest expense on the lease obligation totaled \$199 for the year ended June 30, 2023.

There are no future payments due under this lease.

Note 10 - INSURANCE NOTE PAYABLE

On July 12, 2023, PRC executed a note to finance insurance premiums. The total amount financed was \$101,933 with an interest rate of 8.5% and monthly payments of principal and interest were \$8,844. This loan was repaid during the year ended June 30, 2024.

On June 18, 2024, PRC executed a note to finance insurance premiums. The total amount financed was \$45,887 with an interest rate of 9.91% and monthly payments of principal and interest are \$4,800. As of June 30, 2024, the outstanding balance of the note was \$41,298. The scheduled future maturities of the note as of June 30, 2024 are as follows:

Year ending June 30,	
2025	\$ 41,298

Interest expense on the Insurance Note payable totaled \$3,350 for the year ended June 30, 2024.

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, 2024 and 2023:

Fund	Purpose	2024	2023
Quasi-endowment fund	Quasi-endowment	\$ 3,547,369	\$ 3,321,876
Easement donation fund	Easement maintenance	1,026,498	1,026,498
		<u>\$ 4,573,867</u>	<u>\$ 4,348,374</u>

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, 2024 and 2023 are available for the following purpose:

	<u>2024</u>	<u>2023</u>
Restricted for a specific purpose:		
Easements	\$ 1,356,708	\$ 1,359,697
Renovation of historic buildings	372,897	-
Mortgage support	30,000	30,000
Administration building	-	3,183
	<u> </u>	<u> </u>
Totals	<u>\$ 1,759,605</u>	<u>\$ 1,392,880</u>

Net assets released from restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions satisfied:		
Construction and repairs	\$ 3,183	\$ 11,097
Easements	<u>2,989</u>	<u>-</u>
	<u> </u>	<u> </u>
Totals	<u>\$ 6,172</u>	<u>\$ 11,097</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 - SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by PRC consists of exchange transaction revenue and contribution revenue. The components of revenue for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Contributions and sponsorships	\$ 200,969	\$ 166,860
Ticket sales	230,584	191,630
Auction and raffle	<u>28,721</u>	<u>29,761</u>
Special events - gross	460,274	388,251
Less: cost of direct donor benefit	<u>(71,015)</u>	<u>(48,415)</u>
Special events - net	<u>\$ 389,259</u>	<u>\$ 339,836</u>

Note 15 - RETIREMENT PLAN

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

Additionally, PRC provides a simplified employee plan (the “Plan”) to its employees. The Plan provides, to all employees who have been with PRC for a minimum of three years, an annual contribution to an Individual Retirement Account (IRA) equal to 2% of the employees’ current gross eligible compensation. Contributions to the Plan totaled \$12,308 and \$11,867 for the years ended June 30, 2024 and 2023, respectively.

Note 16 - CONSERVATION EASEMENTS

PRC holds conservation easements placed on various properties. As of both June 30, 2024 and 2023, 140 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 17 - 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 18 - 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 18 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects PRC's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restrictions.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 2,065,508	\$ 1,922,810
Accounts receivable	45,445	60,778
Grants receivable	8,776	15,447
Unconditional promises to give	-	2,500
Investments	<u>5,639,061</u>	<u>5,330,984</u>
Total financial assets	7,758,790	7,332,519
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions	<u>(1,759,605)</u>	<u>(1,392,880)</u>
Financial assets available to meet cash needs for general expenditure within one year before governing board designations	5,999,185	5,939,639
Less: Governing board designations	<u>(4,573,867)</u>	<u>(4,348,374)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,425,318</u>	<u>\$ 1,591,265</u>

Note 19 - SUBSEQUENT EVENT

In July of 2024, the board of a local nonprofit organization, Save Our Cemeteries, Inc., voted to dissolve the entity and transfer all assets to PRC. After a six-month waiting period PRC will receive all of the remaining assets and liabilities of Save our Cemeteries, Inc. and will run the program with a separate committee of the PRC board dedicated to the entity's mission.

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, 2024

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/>
	<u>\$ 0</u>

Note: No public funds were used to pay Ms. Del Sol's salary, benefits, or any other compensation during the year ended June 30, 2024.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANT

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended June 30, 2024

Section I - Summary of the Independent Accountant's Results

a) Financial Statements

A standard review report was issued.

Noncompliance material to financial statements noted? ____ Yes X No

b) Federal Awards

PRC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2024 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

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

Internal Control Over Financial Reporting

No financial reporting findings material to the basic financial statements were reported during the review of the financial statements for the year ended June 30, 2024.

Compliance and Other Matters

No compliance and other matters findings material to the basic financial statements were reported during the review of the financial statements for the year ended June 30, 2024.

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, 2024

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

Internal Control Over Financial Reporting

No financial reporting findings material to the basic financial statements were reported during the review of the financial statements for the year ended June 30, 2023.

Compliance and Other Matters

No compliance and other matters findings material to the basic financial statements were reported during the review of the financial statements for the year ended June 30, 2023.

Section II - Internal Control and Compliance Material to Federal Awards

PRC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2023 and therefore is exempt from the audit requirements under the Uniform Guidance.

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, 2024

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

Internal Control Over Financial Reporting

No financial reporting findings material to the basic financial statements were reported during the review of the financial statements for the year ended June 30, 2024.

Compliance and Other Matters

No compliance and other matters findings material to the basic financial statements were reported during the review of the financial statements for the year June 30, 2024.