

Financial Report

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

June 30, 2020



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

Financial Report

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

June 30, 2020

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Preservation Alliance of New Orleans, Inc. d/b/a Preservation Resource Center of New Orleans (PRC), a non-profit organization, which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PRC as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

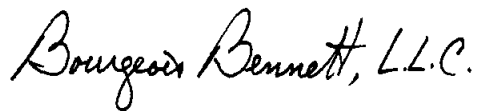
Other Matters

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, 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.



Certified Public Accountants.

New Orleans, Louisiana,
December 4, 2020.

STATEMENTS OF FINANCIAL POSITION

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

June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$4,350,059	\$2,873,443
BP settlement receivable	896,908	1,793,814
Grants receivable	22,699	483,955
Rebuilding Together receivable	73,974	-
Other receivables	51,969	45,998
Prepaid expenses	41,664	46,744
Investments	1,713,527	1,201,461
Unconditional promises to give, net	30,549	37,420
Other assets - real estate	-	217,081
Property and equipment, net	541,177	835,625
	<u>\$7,722,526</u>	<u>\$7,535,541</u>
Total assets		

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 48,791	\$ 114,675
Accrued vacation	40,503	43,968
Advances	-	93,594
Funds held for others	-	4,917
Capital lease obligations	12,703	16,596
Notes payable	-	24,000
	<u>101,997</u>	<u>297,750</u>
Total liabilities		
Net Assets		
Without donor restrictions:		
Undesignated	595,990	2,926,230
Designated	5,752,727	3,068,170
With donor restrictions	1,271,812	1,243,391
	<u>7,620,529</u>	<u>7,237,791</u>
Total net assets		
Total liabilities and net assets	<u>\$7,722,526</u>	<u>\$7,535,541</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

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

For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenue			
Contributions - membership and sustaining	\$ 654,132	\$ 752,642	\$ 1,406,774
Grant income	569,401	103,171	672,572
Special events	244,530	-	244,530
Investment income	35,559	-	35,559
Fees, sales, and other revenue	433,641	-	433,641
Gain on sale of real estate	75,600	-	75,600
Net assets released from restrictions - satisfaction of restrictions	<u>827,392</u>	<u>(827,392)</u>	<u>-</u>
Total support and revenue	<u>2,840,255</u>	<u>28,421</u>	<u>2,868,676</u>
Expenses			
Program services:			
Advocacy	95,849	-	95,849
Rebuilding Together	825,588	-	825,588
Operation Comeback	40,635	-	40,635
Preservation in Print	226,598	-	226,598
Revival Grants	72,963	-	72,963
Other	<u>350,213</u>	<u>-</u>	<u>350,213</u>
Total program services	<u>1,611,846</u>	<u>-</u>	<u>1,611,846</u>

**Exhibit B-1
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	662,299	-	662,299
Fundraising	211,793	-	211,793
	<u>874,092</u>	<u>-</u>	<u>874,092</u>
Total supporting services			
	<u>2,485,938</u>	<u>-</u>	<u>2,485,938</u>
Total expenses			
Changes in net assets	354,317	28,421	382,738
Net Assets			
Beginning of year	<u>5,994,400</u>	<u>1,243,391</u>	<u>7,237,791</u>
End of year	<u><u>\$ 6,348,717</u></u>	<u><u>\$ 1,271,812</u></u>	<u><u>\$ 7,620,529</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>
Support and Revenue			
Contributions - membership and sustaining	\$ 388,312	\$ 381,000	\$ 769,312
Grant income	999,188	226,500	1,225,688
Special events	431,097	9,200	440,297
Investment income	120,380	-	120,380
Fees, sales, and other revenue	885,564	-	885,564
BP settlement income	2,671,588	-	2,671,588
Loss on the sale of property and equipment	(2,618)	-	(2,618)
Loss on the sale of real estate	(434,275)	-	(434,275)
Net assets released from restrictions - satisfaction of restrictions	188,488	(188,488)	-
Total support and revenue	<u>5,247,724</u>	<u>428,212</u>	<u>5,675,936</u>
Expenses			
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
Total program services	<u>2,391,185</u>	<u>-</u>	<u>2,391,185</u>

**Exhibit B-2
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Expenses (Continued)			
Supporting services:			
General and administrative	411,832	-	411,832
Fundraising	<u>490,479</u>	<u>-</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	1,954,228	428,212	2,382,440
Net Assets			
Beginning of year	<u>4,040,172</u>	<u>815,179</u>	<u>4,855,351</u>
End of year	<u><u>\$ 5,994,400</u></u>	<u><u>\$ 1,243,391</u></u>	<u><u>\$ 7,237,791</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, 2020

	Program Activities						Supporting Activities			Totals	
	Advocacy	Rebuilding Together	Operation Comeback	Preservation in Print	Revival Grants	Education and Outreach /Other	Total Program Activities	General and Administrative	Fundraising		Total Supporting Activities
Advertising	\$ -	\$ 650	\$ -	\$ -	\$ -	\$ 10,640	\$ 11,290	\$ -	\$ -	\$ -	\$ 11,290
Americorp expense	-	1,970	-	-	-	-	1,970	-	-	-	1,970
Bad debt	-	200	-	-	-	-	200	16,225	-	16,225	16,425
Bank charges	-	584	9	1,844	9	2,822	5,268	11,901	968	12,869	18,137
Construction	3,500	107,690	25,364	5,500	44,495	48,430	234,979	45,652	2,650	48,302	283,281
Depreciation	-	-	-	-	-	-	-	86,285	-	86,285	86,285
Donation expense	-	407,915	-	-	-	-	407,915	-	-	-	407,915
Employee benefits	8,752	30,919	490	14,520	1,690	30,449	86,820	33,239	19,104	52,343	139,163
Event and fundraising expenses	2,368	4,816	-	-	-	34,988	42,172	-	1,920	1,920	44,092
Insurance	-	5,926	1,534	-	157	-	7,617	56,374	-	56,374	63,991
Office expense	2,650	3,054	4,531	171	28	5,055	15,489	17,392	2,113	19,505	34,994
Postage and printing	1,003	5,318	-	72,116	457	7,680	86,574	4,120	6,546	10,666	97,240
Professional fees	-	-	445	-	3,043	1,080	4,568	48,738	-	48,738	53,306
Repairs and maintenance	-	-	-	-	-	-	-	3,664	-	3,664	3,664
Salaries	75,577	181,956	2,393	122,167	21,350	205,121	608,564	258,414	165,227	423,641	1,032,205
Supplies	-	58,558	5,825	4,393	-	-	68,776	-	-	-	68,776
Technology expense	48	4,069	-	-	985	1,360	6,462	38,539	10,618	49,157	55,619
Travel expense	1,951	6,340	5	5,887	749	2,055	16,987	5,553	2,647	8,200	25,187
Utilities	-	5,623	39	-	-	533	6,195	36,203	-	36,203	42,398
Totals	\$ 95,849	\$ 825,588	\$ 40,635	\$ 226,598	\$ 72,963	\$ 350,213	\$ 1,611,846	\$ 662,299	\$ 211,793	\$ 874,092	\$ 2,485,938

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

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 382,738	\$ 2,382,440
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt	-	8,100
Depreciation and amortization	86,285	115,503
Donation of property and equipment - net of liabilities assumed by donee	161,992	-
Loss on disposal of property and equipment	-	2,618
Loss (gain) on sales of real estate	(75,600)	434,275
Realized and unrealized (gain) loss on investments	7,441	(66,518)
Investments donated	(323,638)	-
(Increase) decrease in operating assets:		
Grants receivable	461,256	(378,528)
BP settlement receivable	896,906	-
Rebuilding together receivable	(73,974)	-
Other receivables	(5,971)	(1,789,560)
Prepaid expenses	5,080	46,321
Unconditional promises to give	6,871	(14,642)
Increase (decrease) in operating liabilities:		
Accounts payable	(48,375)	46,188
Accrued vacations	(3,465)	12,536
Funds held for others	(4,917)	4,917
	<u>1,472,629</u>	<u>803,650</u>
Net cash provided by operating activities		

**Exhibit D
(Continued)**

	<u>2020</u>	<u>2019</u>
Cash Flows From Investing Activities		
Proceeds from sale/maturity of investments	136,685	41,630
Purchases of investments	(332,554)	(2,366)
Proceeds from sale of other assets - real estate	310,743	539,043
Purchase of other assets - real estate	(42,062)	(118,833)
Purchase of property and equipment	(64,932)	(66,270)
	<u>7,880</u>	<u>393,204</u>
Cash Flows From Financing Activities		
Payment on note payable	-	(55,191)
Payments on capital lease obligations	(3,893)	(7,209)
	<u>(3,893)</u>	<u>(62,400)</u>
Net Increase in Cash and Cash Equivalents	1,476,616	1,134,454
Cash and Cash Equivalents		
Beginning of year	<u>2,873,443</u>	<u>1,738,989</u>
End of year	<u>\$ 4,350,059</u>	<u>\$ 2,873,443</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 547</u>	<u>\$ 1,547</u>
Supplementary Non-Cash Investing Activities		
Property acquired through capital lease	<u>\$ -</u>	<u>\$ 20,330</u>
Note payable paid through real estate sale closing	<u>\$ 24,000</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, 2020 and 2019

Note 1 - NATURE OF ACTIVITIES

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

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

Preservation

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

Rebuilding Together

Previously PRC's most significant volunteer event involved the donation of time and materials by contractors, private businesses and individuals, and retailers in an intensive effort to renovate historic residential properties owned by low-income and/or disabled individuals, as well as senior citizens. The renovations are on an ongoing basis throughout the year due to the increased need in the city. This program is funded by a combination of contributions, corporate sponsorships, and government grants. As part of the cooperative endeavor agreement with PRC (see Note 17), Rebuilding Together New Orleans, Inc. began operations as an independent non-profit organization in September 2019.

Note 1 - NATURE OF ACTIVITIES (Continued)

Operation Comeback

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

Preservation in Print

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

Revival Grants

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

Education and Outreach

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

General and Administrative

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fundraising

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

a. Organization and Income Taxes

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2020, 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, 2017 and later remain subject to examination by the taxing authorities.

b. Basis of Accounting

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

c. Use of Estimates

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

d. Basis of Presentation

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation (Continued)

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

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

e. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, PRC considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. PRC's cash and cash equivalents as of June 30, 2020 and 2019 included \$3,446,011 and \$1,976,748, 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 stock and corporate obligations are stated at fair value, based on quoted market prices for the investments.

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

g. 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 \$86,285 and \$115,503 for the years ended June 30, 2020 and 2019, 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. There was no allowance as of June 30, 2020 and 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

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. A substantial number of volunteers donate significant amounts of their time in PRC's program and support services. In addition, volunteers from throughout the community provided unskilled labor in conjunction with the Rebuilding Together project. The value of these services, which was estimated to be approximately \$261,000 and \$461,000 for the years ended June 30, 2020 and 2019, respectively, are not recognized in the accompanying financial statements due to the unspecialized nature of these services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Method Used for Allocation of Expenses

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

m. Advertising

PRC expenses advertising costs as incurred. During the years ended June 30, 2020 and 2019, PRC's advertising costs charged to expense were \$11,290 and \$14,101, respectively.

n. Recently Issued Accounting Standards

Contributions Received and Contributions Made

During the year, PRC adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU No. 2018-08 clarifies how an organization determines whether a resource provider does receive commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU No. 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contributions. ASU No. 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ended June 30, 2019 are presented under FASB ASU No. 2018-08. There was no material impact to the financial statements as a result of the adoption of this standard.

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 No. 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU No. 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 Statements of Cash Flows. The amendments in ASU No. 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. Early adoption is permitted. Results for reporting the year ended June 30, 2019 are presented under FASB ASU No. 2018-08. There was no material impact to the financial statements as a result of the adoption of this standard.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2020, 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statements of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statements of Activities and the Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. PRC is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

o. Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 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 4, 2020, 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, 2020, there was approximately \$3,500,000 in excess of insured amounts.

Note 4 - PLEDGES RECEIVABLE

Unconditional promises to give as of June 30, 2020 and 2019 are as follows:

	2020	2019
Receivable in less than one year	\$ 30,549	\$ 37,420
Less allowance for uncollectible account	-	-
Pledges receivable, net	<u>\$ 30,549</u>	<u>\$ 37,420</u>

Note 5 - INVESTMENTS

Investments consist of the following as of June 30, 2020 and 2019:

	2020	2019
Common stock	\$ 1,031,095	\$ 841,417
Corporate obligations	682,432	360,044
Totals	<u>\$ 1,713,527</u>	<u>\$ 1,201,461</u>

Net investment income for the years ended June 30, 2020 and 2019 is comprised of the following:

	2020	2019
Interest and dividends	\$ 53,010	\$ 63,870
Realized loss on investments	(15,411)	(1,997)
Unrealized gain on investments	7,970	68,515
Investment fees	(10,010)	(10,008)
Totals	<u>\$ 35,559</u>	<u>\$ 120,380</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, 2020 and 2019 are comprised of and determined, as follows:

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

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of June 30, 2020 and 2019:

	2020	2019
Buildings and improvements	\$ 1,904,892	\$ 2,273,417
Office furniture and equipment	240,583	310,986
Land	-	30,200
Vehicles	-	103,035
	2,145,475	2,717,638
Less: accumulated depreciation and amortization	(1,604,298)	(1,882,013)
	<u>\$ 541,177</u>	<u>\$ 835,625</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 were no lines of credit as of June 30, 2020 and 2019.

Note 9 - CAPITAL LEASE OBLIGATIONS

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

The net book value as of June 30, 2020 and 2019 was \$12,332 and \$16,625, respectively.

Interest expense on capital leases totaled \$547 and \$929 for the years ended June 30, 2020 and 2019, 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, 2020:

<u>Year Ending June 30,</u>	
2021	\$ 4,512
2022	4,512
2023	4,512
Less amounts representing interest	<u>(833)</u>
Present value of minimum capital lease payments	<u>\$12,703</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 on that property. As of June 30, 2019, the remaining balance due was \$24,000. There was no remaining balance due as of June 30, 2020.

PRC incurred interest expense on notes payable of \$618 during the year ended June 30, 2019. There was no interest expense on notes payable paid during the year ended June 30, 2020. PRC did not capitalize interest into properties during the years ended June 30, 2020 and 2019.

Note 11 - PAYCHECK PROTECTION PROGRAM

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

Note 12 - DESIGNATED FUNDS

PRC's board of directors designates certain funds to be used for specified purposes. The following designated funds have been established as of June 30, 2020 and 2019:

Fund	Purpose	2020	2019
Quasi-endowment fund	Quasi-endowment	\$ 4,071,439	\$ 2,147,953
Aron fund	Historic restoration	270,899	21,256
OC revolving fund	Historic restoration	321,442	318,450
Historic Faubourg St. Mary fund	Easement maintenance	-	3,670
Easement donation fund	Easement maintenance	1,088,947	576,841
		<u>\$ 5,752,727</u>	<u>\$ 3,068,170</u>

Note 12 - DESIGNATED FUNDS (Continued)

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

Note 13 - RESTRICTED NET ASSETS

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

Net assets with donor restrictions as of June 30, 2020 and 2019 are available for the following purpose:

	2020	2019
Home purchases and construction	\$ 1,271,812	\$ 1,243,391

Net assets released from restrictions for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Purpose restrictions satisfied:		
Home purchases and construction	\$ 827,392	\$ 188,488

Note 14 - GOVERNMENT GRANTS

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

Note 15 - 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 15 - 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 \$12,107 and \$9,439 for the years ended June 30, 2020 and 2019, respectively.

Note 16 - CONSERVATION EASEMENTS

PRC holds conservation easements placed on various properties. As of June 30, 2020 and 2019, approximately 134 and 128, 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 17 - COOPERATIVE ENDEAVOR AGREEMENT

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

Note 18 - 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 19 - AVAILABILITY OF FINANCIAL ASSETS

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

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

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

Financial assets:	
Cash and cash equivalents	\$4,350,059
BP settlement receivable	896,908
Grants receivable	22,699
Rebuilding Together receivable	73,974
Other receivables	51,969
Investments	1,713,527
Unconditional promises to give, net	<u>30,549</u>
Total financial assets as of June 30, 2020	7,139,685
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with purpose restrictions	<u>(1,271,812)</u>
Financial assets available to meet cash needs for general expenditure within one year before governing board designations	5,867,873
Less: Governing board designations	<u>(5,752,727)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 115,146</u>

Note 20 - CORONAVIRUS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding operations and the financial markets have recently experienced significant volatility. While PRC has been impacted, the long term impact on PRC's operations and its investments is uncertain at this time.

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, 2020

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/>
	\$	<hr/> <hr/> 0

Note: No public funds were used to pay Ms. Del Sol's salary, benefits, or any other compensation during the year ended June 30, 2020.

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, 2020, 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 4, 2020.

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.



Certified Public Accountants.

New Orleans, Louisiana,
December 4, 2020.

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, 2020

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

PRC did not receive federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

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

Internal Control Over Financial Reporting

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

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

(Continued)

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

Compliance and Other Matters

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

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

PRC did not expend federal awards in excess of \$750,000 during the year ended June 30, 2020 and therefore is exempt from the audit requirements under the Uniform Guidance.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

For the year ended June 30, 2020

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

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.

Section III - Management Letter

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

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, 2020

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, 2020.

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

Compliance and Other Matters

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

Section II - Internal Control and Compliance Material to Federal Awards

PRC did not expend more \$750,000 in Federal awards during the year ended June 30, 2020, and therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

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