

ANNUAL FINANCIAL REPORT

OZANAM INN

SEPTEMBER 30, 2021

OZANAM INN  
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## INDEPENDENT AUDITOR'S REPORT

February 5, 2022

Board of Directors  
Ozanam Inn  
2239 Poydras Street  
New Orleans, LA 70119

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ozanam Inn (the Inn) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

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

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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 Inn'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 the Ozanam Inn as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 February 5, 2022 on our consideration of the Inn'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Inn's 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 the Inn's internal control over financial reporting and compliance.



New Orleans, Louisiana

OZANAM INN  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 284,487
Grant receivables	359,741
	644,228
Total current assets	644,228

INVESTMENTS (FAIR VALUE):

Mutual fund	1,386,476
	1,386,476
Total Investments	1,386,476

PROPERTY AND EQUIPMENT:

Property and equipment	5,809,953
Less: accumulated depreciation	(622,568)
	5,187,385
Total property and equipment	5,187,385

TOTAL ASSETS	\$ 7,218,089
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Current portion of long-term debt	\$ 1,237,769
	1,237,769
Total current liabilities	1,237,769

LONG-TERM DEBT:

Notes payable	3,000,000
	3,000,000
Total long-term debt	3,000,000

NET ASSETS:

With donor restrictions	-
Without donor restrictions	2,980,320
	2,980,320
Total net assets without donor restrictions	2,980,320

TOTAL LIABILITIES AND NET ASSETS	\$ 7,218,089
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The accompanying notes are an integral part of these financial statements.

OZANAM INN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

CHANGES IN NET ASSETS  
WITHOUT DONOR RESTRICTIONS:

SUPPORT AND REVENUE:

Donations	\$ 571,018
Grants and legacies	1,734,553
Fundraising - special events	723,450
Interest income	150
Other	1,712
Net investment income	253,226
Total support and revenue	<u>3,284,109</u>

EXPENSES:

Program services:

Housing and feeding the poor	2,454,447
Total program services	<u>2,454,447</u>

Supporting services:

Administrative	190,474
Fundraising	62,886
Total supporting services	<u>253,360</u>
Total expenses	<u>2,707,807</u>

INCREASE IN NET ASSETS WITHOUT  
DONOR RESTRICTIONS

576,302

NET ASSETS WITHOUT DONOR  
RESTRICTIONS - Beginning of year

2,404,018

NET ASSETS WITHOUT DONOR  
RESTRICTIONS - END OF YEAR

\$ 2,980,320

The accompanying notes are an integral part of these financial statements.

OZANAM INN  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		Total Expenses
	Housing and Feeding the Poor	Administration	Fundraising	
Bank charges	\$ -	\$ 29	\$ -	\$ 29
Food and supplies	47,741	5,304	-	53,045
Fundraising	-	-	62,108	62,108
Insurance	45,586	15,195	-	60,781
Interest	10,077	1,120	-	11,197
Licenses and permits	325	-	-	325
Miscellaneous	7,416	1,309	-	8,725
Maintenance contracts	17,621	3,109	-	20,730
Medical supplies	265	-	-	265
Office and computer supplies	12,820	19,230	-	32,050
Payroll taxes	56,441	6,271	-	62,712
Postage	778	388	778	1,944
Professional services	9,225	9,225	-	18,450
Public relations and volunteers	6,328	-	-	6,328
Rent	141,070	15,674	-	156,744
Repairs and maintenance	16,726	1,858	-	18,584
Salaries and employee benefits	467,867	51,985	-	519,852
Social services	1,072,182	-	-	1,072,182
Supplies - housekeeping	8,399	-	-	8,399
Telephone	7,506	1,324	-	8,830
Transportation	10,682	1,187	-	11,869
Unity grant - case work and prescriptions	364,195	40,466	-	404,661
Utilities	116,403	12,934	-	129,337
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	2,419,653	186,608	62,886	2,669,147
Depreciation	34,794	3,866	-	38,660
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 2,454,447</u>	<u>\$ 190,474</u>	<u>\$ 62,886</u>	<u>\$ 2,707,807</u>

The accompanying notes are an integral part of these financial statements.



OZANAM INN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 576,302
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	38,660
Interest reinvested in mutual fund	(25,350)
Net appreciation on investments	(248,360)
Investment expenses	20,484
Changes in operating assets and liabilities:	
(Increase) decrease in grant receivables	(93,465)
Net cash provided by operating activities	<u>268,271</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(4,840,102)
Proceeds from sale of investments	500,000
Net cash used by investing activities	<u>(4,340,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable	4,247,405
Payments on notes payable	(9,636)
Net cash provided by financing activities	<u>4,237,769</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	165,938
Beginning cash and cash equivalents	<u>118,549</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 284,487</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Noncash investing activities:	
Purchase of investments through reinvestment of interest earned	<u>\$ (25,350)</u>
Increase in investments through appreciation	<u>\$ 248,360</u>
Cash paid for interest	<u>\$ 11,197</u>

The accompanying notes are an integral part of these financial statements.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

ORGANIZATION:

The Ozanam Inn (the Inn) is a nonprofit organization that was incorporated on March 1, 1955, which derives its income from public donations, grants, and investment income. All funds received, net of amounts required for operating expenses, are used for the charitable purpose to aid, assist, and provide refuge for homeless, transient, and indigent men and women.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting and Financial Statement Presentation:

The Inn prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Inn follows the provisions of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958 established the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. It requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions. These two classifications are defined as follows:

*Net Assets without donor restrictions* – Net assets which are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Inn. These net assets may be used at the discretion of the Inn’s management and the Board of Directors.

*Net Assets with donor restrictions* – Net assets which are subject to donor-imposed restrictions that may or will be met by action of the Inn and/or the passage of time. This category also includes net assets which are subject to donor-imposed restrictions that are required to be maintained permanently by the Inn. Generally, the donors of these assets permit the Inn to use all or part of the income earned on any related investments for general or specific purposes.

The Inn chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Cost Allocation:

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on the basis of estimates of time and effort.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

The Inn receives grants from governmental entities as well as contributions from individuals. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

The Inn accounts for contributions received as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and nature of any donor-imposed restrictions. When a donor restriction expires, when a stipulated time restriction ends or a purpose restriction is met, the Inn reclassifies the net assets with donor restrictions to net assets without donor restrictions and reports these net assets as released from restrictions in the Statement of Activities.

Government grants are recorded as revenues in the period the Inn meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the grants. To the extent amounts received exceed amounts spent, the Inn records the excess as advances from government.

Beginning October 1, 2019, the Inn implemented FASB ASU 2018-08, *Not-for-Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. As a result, the Inn's revenue that is derived from cost-reimbursable federal grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Inn has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Beginning October 1, 2019, the Inn implemented FASB ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606), applying the modified retrospective method. The Inn performed an analysis of revenue streams and transactions under ASU 2014-09. Adoption of Topic 606 did not have a material impact on the financial statements and therefore did not result in a prior period adjustment. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

During the year ended September 30, 2020, the Inn received conditional grant funds from the United States Department of Housing and Urban Development passed through the City of

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition: (Continued)

New Orleans and Unity of Greater New Orleans. The conditional grants are reported as revenue when qualifying expenses are incurred. Any conditional grant funds received in which the performance has not been met is reported as refundable advances in the statement of financial position. There were no refundable advances for conditional grants for the years ended September 30, 2021, as all of the federal pass-through grants are cost-reimbursable grants.

Method Used to Value Investments:

Mutual fund investments are valued at fair market value based on the Inn's ownership percentage of the mutual fund's fair value.

Income Tax Status:

The Inn qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. There was no unrelated business income during the year. The Inn's tax filing, Form 990, is subject to examination by the IRS, generally for three years after it is filed.

Donated Materials and Services:

The Inn receives donated items and services which are auctioned off at the annual Gala. The Gala was not held during the current year and as such, there are no donated materials and services reported on the Inn's financial statements for the year ended September 30, 2021.

Statement of Cash Flows:

For purposes of the cash flow statement, the Inn has defined cash equivalents as investments purchased with an original maturity of three months or less.

The Inn paid \$11,197 in loan interest and \$-0- in income taxes for the year ended September 30, 2021.

Grants Receivable:

Grants receivable consists of amounts due from various granting agencies for grants and cost reimbursement programs. These amounts are presented at fair value and management estimates that all are collectible.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Purchased property and equipment is recorded at cost. Property and equipment acquired by donation is recorded at fair market value as of the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restriction. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restriction. The Inn capitalizes property and equipment purchases and donations over \$500 and expenses those under \$500. Depreciation is computed over the asset's estimated useful life using the straight-line method.

Estimated useful lives of property and equipment are as follows:

Vehicles	5 - 7 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 7 years
Buildings and improvements	5 - 39 years

2. INVESTMENTS:

The Inn invests in a Catholic Foundation quasi-endowment mutual fund. Interest earned on the fund is reinvested. The Inn can make withdrawals as needed from the mutual fund to cover operating costs. For the year ended September 30, 2021, the Inn earned \$25,350 in interest and had a net appreciation of \$248,360. The ending balance of the Inn's investment in the mutual fund was \$1,386,476 at September 30, 2021.

At September 30, 2021, the fair values and appreciation for the Inn's investments were summarized as follows:

	2021		
	Fair Value	Cost or Donated Value	Gains (Losses)
Investments - end of year	\$ 1,386,476	\$ 930,038	\$ 456,438
Investments - beginning of year	1,633,250	1,425,172	208,078
Net appreciation for the year			<u>\$ 248,360</u>

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

2. INVESTMENTS: (Continued)

The following schedule summarizes the net investment income in the statement of activities:

	<u>2021</u>
Interest reinvested in mutual fund	\$ 25,350
Net realized and unrealized gains	248,360
Investment expenses	<u>(20,484)</u>
Net investment income	<u>\$ 253,226</u>

Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities. The amount of expenses netted with revenues was \$20,484 for the year ended September 30, 2021.

3. CONCENTRATION OF CREDIT RISK:

The cash balances in bank accounts owned by the Inn are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At September 30, 2021, the Inn had \$396,606 in demand deposits (bank balances), of which \$73,748 was not covered by FDIC insurance or pledged securities.

4. RETIREMENT PLAN:

The Inn participates in a 401(k) retirement plan administered by the Roman Catholic Church of the Archdiocese of New Orleans. Employees who work at least 20 hours per week are eligible to contribute up to 16% of their gross salary not to exceed federal tax law limitations. The Inn matches dollar for dollar on the first 3½% of elective deferrals. For the year ended September 30, 2021, the Inn's total contributions were \$27,105.

5. FAIR VALUE MEASUREMENTS:

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework 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 and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Observable inputs, such as unadjusted quoted prices in active markets, for substantially identical assets and liabilities.

OZANAM INN  
 NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

5. FAIR VALUE MEASUREMENTS: (Continued)

Level 2 – Observable inputs other than quoted prices within Level 1 for similar assets and liabilities. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified or contractual term, the input must be observable for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are supported by little or no market activity, generally requiring a significant amount of judgment by management. The assets or liabilities 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.

Investments of the Inn are held in pooled assets managed by the Catholic Foundation. The values of the Inn's investments in this pool are based on information provided by the Catholic Foundation. These investments are classified within Level 2 of the fair value hierarchy.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Further, although the Inn believes its valuation methods 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.

The Inn's investments are reported at fair value in the accompanying statement of financial position.

	<u>Fair Value</u>	Fair Value Measurements Using Other Observable Market Data (Level 2)
<u>September 30, 2021</u>	<u>Fair Value</u>	
Mutual fund	<u>\$ 1,386,476</u>	<u>\$ 1,386,476</u>

6. COMPENSATED ABSENCES:

Employees of the Inn are entitled to paid personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Inn's policy is to recognize the costs of compensated absences when paid to employees.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. USE OF ESTIMATES:

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

8. PROPERTY AND EQUIPMENT:

During the year ended September 30, 2020, the Inn began incurring architectural, consulting and construction costs related to the purchase and renovation of the new facility. The costs incurred are recorded as construction in progress and will be accumulated until the project is completed and placed in service. During the year ended September 30, 2021, the Inn incurred \$4,753,006 in costs related to the renovation of the new facility. The balance in construction in progress at September 30, 2021 was \$4,867,004.

Property and equipment consisted of the following:

	<u>10/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2021</u>
<u>Property and Equipment Not Being Depreciated:</u>				
Construction in progress	\$ 113,998	\$ 4,753,006	\$ -	\$ 4,867,004
Total property and equipment not being depreciated	113,998	4,753,006	-	4,867,004
<u>Property and Equipment Being Depreciated:</u>				
Furniture and fixtures	7,367	-	-	7,367
Building improvements	562,493	-	-	562,493
Kitchen equipment	163,655	-	-	163,655
Office equipment	31,484	-	-	31,484
Vehicles	90,854	87,096	-	177,950
Total property and equipment being depreciated	855,853	87,096	-	942,949
Less accumulated depreciation	(583,908)	(38,660)	-	(622,568)
Total property and equipment, net of depreciation	<u>\$ 385,943</u>	<u>\$ 4,801,442</u>	<u>\$ -</u>	<u>\$ 5,187,385</u>

Depreciation expense for the year ended September 30, 2021 was \$38,660.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Inn's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditures in the following year:



OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

	2021
Financial assets:	
Cash and cash equivalents	\$ 284,487
Mutual fund	1,386,476
Grant receivables	359,741
Total financial assets	2,030,704
Financial assets available to meet cash needs for expenses for one year	\$ 2,030,704

10. OPERATING LEASE:

The Inn operates on premises that were previously owned by the St. Vincent de Paul Archdiocese Council of New Orleans, a previously related organization. There was no lease agreement between the parties and no amounts were reflected as rent. During the year ended September 30, 2019, St. Vincent de Paul Archdiocese Council of New Orleans sold the building occupied by the Inn and the relationship between the two entities ended. The new owners of the building agreed to allow the Inn to remain as a tenant during the process of obtaining and renovating a new facility. The Inn continued to pay rent on a month-to-month basis until November 2021. On November 1, 2021 renovation of the new facility was completed and placed into service. Rent expense for the year ended September 30, 2021 was \$156,744.

Future minimum rental payments at September 30, 2021 are as follows:

2022	\$ 25,437
Thereafter	-
Total	\$ <u>25,437</u>

11. CAPITAL CAMPAIGN:

During the year ended September 30, 2020, the Inn began a capital campaign to raise funds to cover the renovation costs of the new facility. The Inn obtained loans to cover the additional cost of the building purchase. During the year ended September 30, 2021, the Inn received \$701,250 in donations towards the campaign and incurred \$54,793 in fundraising expenses related to the campaign. Through the year ended September 30, 2021, the Inn has received a total of \$773,746 in contributions and incurred \$106,339 in fund raising expenses related to the capital campaign. Funds in excess of campaign contributions have been spent on planning and construction costs related to the renovation of the new facility, as of September 30, 2021.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

12. LONG-TERM DEBT:

On December 23, 2020, the Inn entered into a loan agreement with Fidelity Bank for the purpose of paying for renovation costs. The loan can be drawn to a maximum of \$2,000,000 and matures on December 23, 2025. Interest is calculated on unpaid principal balances using a rate of 4.85% per annum. The loan is due on demand. If no demand is made, the loan is due in six monthly payments of interest only, followed by 53 monthly principal and interest payments of \$11,518 beginning July 23, 2021, with one final principal and interest payment of the remaining unpaid balance due on December 23, 2025. Interest expense on the loan for the year ended September 30, 2021 was \$11,197. The outstanding balance of the loan at September 30, 2021 was \$1,237,769.

On December 17, 2020, the Inn entered into a loan agreement with the City of New Orleans for a forgivable loan in the amount of \$3,000,000, with an interest rate of 0% per annum. The loan proceeds were designated for the acquisition of a new facility as part of a shelter expansion. The loaned funds were awarded through the Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act from the U.S. Department of Housing and Urban Development (HUD) appropriations, with the purpose of developing viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

The loan will be forgiven in full after the Inn maintains compliance by residing in the facility for a minimum of ten years from the date of occupancy (November 1, 2021) and continues to operate the facility providing permanent supportive housing. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards. The balance of the loan will be reported as a liability until the ten-year compliance requirement has concluded. The outstanding balance of the loan at September 30, 2021 was \$3,000,000.

Future minimum note payments at September 30, 2021 are as follows:

2022	\$ 1,237,769
2023	-
2024	-
2025	-
2026	-
Thereafter	<u>3,000,000</u>
Total	<u>\$ 4,237,769</u>

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

13. UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (“COVID-19”) as a pandemic, and the disease continues to spread throughout the United States. As a result of the spread of COVID-19, economic uncertainties have arisen which may continue to impact the results of our operations and financial position. The related financial impact cannot be reasonably estimated at this time.

14. SUBSEQUENT EVENTS:

On November 1, 2021, the Inn completed the renovation of a new facility. The new facility will have additional space to allow the Inn to continue and expand its mission to provide permanent supportive housing, clinical services, recreation, and meals to homeless men, women and children.

Additionally, the Inn is expecting a grant award of \$750,000, during fiscal year ended September 30, 2022, to assist with rising costs of the new facility and to pay down the balance of non-forgivable long-term debt. Subsequent events have been evaluated through February 5, 2022, which is the date the financial statements were available to be issued.

OZANAM INN  
SCHEDULE OF COMPENSATION, BENEFITS  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Agency Head: Clarence J. Adams  
Position: Executive Director

Salary	\$ 94,879
Benefits - medical, dental and life insurance	7,980
Cell phone allowance	604
Total	<u>\$ 103,463</u>



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## 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*

February 5, 2022

Board of Directors  
Ozanam Inn  
New Orleans, LA

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 Ozanam Inn (the Inn), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ozanam Inn's internal control over financial reporting (internal control) as a basis for designing 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 the Inn's internal control. Accordingly, we do not express an opinion on the effectiveness of the Inn's internal control.

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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 the Inn's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Duplantier, Hopmann, Hogan & Rotter LLP*

New Orleans, Louisiana



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

February 5, 2022

Board of Directors  
Ozanam Inn  
New Orleans, LA

### Report on Compliance for Each Major Federal Program

We have audited Ozanam Inn's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Ozanam Inn's major federal program for the year ended September 30, 2021. Ozanam Inn's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

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## *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Ozanam Inn's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ozanam Inn's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## *Opinion on Each Major Federal Program*

In our opinion, the Ozanam Inn complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended September 30, 2021.

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

Management of Ozanam Inn is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ozanam Inn's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ozanam Inn's internal control over compliance.

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



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

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

*Duplantier, Hopmann, Hogan & Roter LLP*  
New Orleans, Louisiana

OZANAM INN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Emergency Solutions Grant (ESG) Program: Passed through the City of New Orleans Emergency Shelter Operations	14.231	ESG34F	\$ 133,079
Emergency Solutions Grant (ESG) Program: Passed through Unity of Greater New Orleans Safe at Home – Rapid Rehousing – COVID-19	14.231	Unknown	<u>313,954</u>
Total Emergency Solutions Grant Program			<u>447,033</u>
Continuum of Care Program: Passed through Unity of Greater New Orleans Home for Good – Permanent Housing	14.267	LA0252L6H031803	54,705
Home for Good – Permanent Housing	14.267	LA0252L6H031904	646,651
Problem Solving for Coordinated Solutions	14.267	LA0360L6H031900	53,242
RRH to Reduce Homelessness	14.267	LA0359L6H031900	<u>372,814</u>
Total Continuum of Care Program			<u>1,127,412</u>
Community Development Block Grants (CDBG) / Entitlements Grants Cluster: Passed through the City of New Orleans Shelter Expansion Loan – Cares Act – COVID-19	14.218	CDBG-CV0I	<u>3,000,000</u>
Total Community Development Block Grants			<u>3,000,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>4,574,445</u></u>
Total financial awards - current			4,574,445
Total prior years' loans with continuing requirements			-
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 4,574,445</u></u>

See accompanying notes to schedule of expenditures of federal awards.

OZANAM INN  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ozanam Inn under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Inn, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Ozanam Inn.

Notes Payable

As disclosed in note 12 to the financial statements, the loans with continuing requirements includes a forgivable loan bearing interest of 0% in the amount of \$3,000,000 payable to the City of New Orleans (The City). The loan was allocated by the City utilizing Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act funds designated for the expansion of the Inn's shelter and was used towards the purchase of a new facility. The loan will be forgiven in full after the Inn maintains compliance by residing in the facility for a minimum of ten years from the date of occupancy (November 1, 2021) and continues to operate the facility providing permanent supportive housing. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards as assistance listing #14.218. The balance of the loan will be reported as a liability until the ten-year compliance requirement has concluded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

3. INDIRECT COST RATE:

The Inn has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS:

There were no awards passed through to subrecipients.

OZANAM INN  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness identified?  Yes  No
- Significant deficiency identified?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Noncompliance with laws and regulations noted?  Yes  No

Management letter was issued?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness identified?  Yes  No
- Significant deficiency?  Yes  No

Type of auditor’s report issued on compliance with the  
Major Federal award program: *Unmodified*

Any audit findings disclosed that are required to be  
reported in accordance with Uniform Guidance,  
Title 2 U.S. Code of Federal Regulations (CFR)  
Section 200.516(a):  Yes  No

The Inn had one major program as follows:

	<u>CFDA No.</u>	<u>Expenditures</u>
Community Development Block Grant Shelter Expansion Loan – Cares Act – COVID-19	14.218	\$ <u>3,000,000</u>

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

Auditee qualified as a low-risk auditee:  Yes  No

OZANAM INN  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS

None.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.

OZANAM INN  
SUMMARY SCHEDULE OF  
PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

PRIOR YEAR FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY  
ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.