

UNITY OF GREATER NEW ORLEANS, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 09 2013

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of
UNITY of Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying consolidated statements of financial position of UNITY of Greater New Orleans, Inc. (UNITY) (a nonprofit corporation), and its subsidiaries as of June 30, 2012 and 2011 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of UNITY's management. Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UNITY of Greater New Orleans, Inc. and its subsidiaries as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2012, on our consideration of UNITY of Greater New Orleans, Inc.'s and its subsidiaries internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Governing Board of
UNITY of Greater New Orleans, Inc.
New Orleans, Louisiana
Page 2

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of UNITY of Greater New Orleans, Inc. and its subsidiaries as a whole. The consolidating statements financial position and consolidating statements of revenues and expenses and changes in net assets are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

November 17, 2012

Erickson, Krentel & Laporte LLP

Certified Public Accountants

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012

	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 1,006,142	\$ 917,365
Grant receivables, net of allowance	2,903,407	3,009,199
Other receivables	12,389	13,179
Prepaid expenses and deposits	<u>22,068</u>	<u>27,653</u>
 Total current assets	 <u>3,944,006</u>	 <u>3,967,396</u>
<u>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</u>		
	<u>19,929,004</u>	<u>9,334,749</u>
 Total assets	 <u>\$ 23,873,010</u>	 <u>\$ 13,302,145</u>
 <u>CURRENT LIABILITIES:</u>		
Lines of credit	\$ 986,076	\$ 225,000
Current portion of notes payable	375,809	24,047
Accounts payable and accrued liabilities	222,337	183,098
Deferred revenue	440,455	317,811
Payments due to subrecipients	<u>1,897,541</u>	<u>2,153,406</u>
 Total current liabilities	 <u>3,922,218</u>	 <u>2,903,362</u>
<u>LONG-TERM DEBT:</u>		
Notes payable	<u>6,167,338</u>	<u>518,089</u>
 Total long-term debt	 <u>6,167,338</u>	 <u>518,089</u>
 Total liabilities	 <u>10,089,556</u>	 <u>3,421,451</u>
 <u>NET ASSETS:</u>		
Unrestricted	13,163,138	9,353,437
Temporarily restricted	<u>620,316</u>	<u>527,257</u>
 Total net assets	 <u>13,783,454</u>	 <u>9,880,694</u>
 Total liabilities and net assets	 <u>\$ 23,873,010</u>	 <u>\$ 13,302,145</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE:</u>			
Grants	\$ 26,830,330	\$ 167,495	\$ 26,997,825
Contributions	116,697	50,000	166,697
Investment income	290	-	290
Other revenue	122,196	-	122,196
Net assets released from restrictions	124,436	(124,436)	-
	27,193,949	93,059	27,287,008
<u>EXPENSES:</u>			
Program services	22,353,486	-	22,353,486
Supportive services:			
General and administrative	917,022	-	917,022
Fundraising	113,740	-	113,740
	23,384,248	-	23,384,248
Increase in net assets	3,809,701	93,059	3,902,760
Net assets, beginning of year	9,353,437	527,257	9,880,694
Net assets, end of year	\$ 13,163,138	\$ 620,316	\$ 13,783,454

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE:</u>			
Grants	\$ 28,717,501	\$ -	\$ 28,717,501
Contributions	868,126	188,799	1,056,925
Investment income	279	-	279
Other revenue	64,960	-	64,960
Net assets released from restrictions	<u>277,203</u>	<u>(277,203)</u>	<u>-</u>
 Total revenue	 <u>29,928,069</u>	 <u>(88,404)</u>	 <u>29,839,665</u>
<u>EXPENSES:</u>			
Program services	22,089,267	-	22,089,267
Supportive services:			
General and administrative	1,280,147	-	1,280,147
Fundraising	<u>121,112</u>	<u>-</u>	<u>121,112</u>
 Total expenses	 <u>23,490,526</u>	 <u>-</u>	 <u>23,490,526</u>
 Increase (decrease) in net assets	 6,437,543	 (88,404)	 6,349,139
 Net assets, beginning of year	 <u>2,915,894</u>	 <u>615,661</u>	 <u>3,531,555</u>
 Net assets, end of year	 <u>\$ 9,353,437</u>	 <u>\$ 527,257</u>	 <u>\$ 9,880,694</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	
		<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
<u>COMPENSATION AND RELATED EXPENSES:</u>					
Salaries	\$ 1,434,416	\$ 392,402	\$ 50,789	\$ 443,191	\$ 1,877,607
Fringe benefits	507,545	126,897	14,193	141,090	648,635
Total compensation and related benefits	1,941,961	519,299	64,982	584,281	2,526,242
<u>OTHER EXPENSES:</u>					
Conferences, conventions, and meetings	49,204	43,480	-	43,480	92,684
Contracts - subrecipients	11,830,424	38,905	-	38,905	11,869,329
Equipment expense	1,418	259	-	259	1,677
Interest expense	12,647	21,621	-	21,621	34,268
Client assistance	7,381,103	-	-	-	7,381,103
Membership dues	-	100	-	100	100
Miscellaneous	3,367	16,937	-	16,937	20,304
Occupancy	468,043	92,092	-	92,092	560,135
Office expenses and supplies	103,888	60,868	-	60,868	164,756
Fundraising	-	-	12,758	12,758	12,758
Professional fees	105,359	115,484	36,000	151,484	256,843
Repairs and maintenance	125,483	-	-	-	125,483
Research and communications	2,213	-	-	-	2,213
Uncollectible grant receivable	143,371	-	-	-	143,371
Depreciation	185,005	7,977	-	7,977	192,982
Total other expenses	20,411,525	397,723	48,758	446,481	20,858,006
Total functional expenses	\$ 22,353,486	\$ 917,022	\$ 113,740	\$ 1,030,762	\$ 23,384,248

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	
		<u>General and Administrative</u>	<u>Fundraising</u>		<u>Total</u>
<u>COMPENSATION AND RELATED EXPENSES:</u>					
Salaries	\$ 1,301,357	\$ 478,995	\$ 57,071	\$ 536,066	\$ 1,837,423
Fringe benefits	499,958	213,612	17,649	231,261	731,219
Total compensation and related benefits	1,801,315	692,607	74,720	767,327	2,568,642
<u>OTHER EXPENSES:</u>					
Conferences, conventions, and meetings	28,585	26,598	-	26,598	55,183
Contracts - subrecipients	13,088,308	139,367	-	139,367	13,227,675
Equipment expense	17,593	2,885	-	2,885	20,478
Interest expense	14,227	18,076	-	18,076	32,303
Client assistance	6,194,844	-	-	-	6,194,844
Membership dues	-	490	-	490	490
Miscellaneous	45,364	6,212	-	6,212	51,576
Occupancy	393,166	127,546	-	127,546	520,712
Office expenses and supplies	73,467	121,092	-	121,092	194,559
Fundraising	-	-	46,392	46,392	46,392
Professional fees	28,254	132,006	-	132,006	160,260
Repairs and maintenance	233,332	5,291	-	5,291	238,623
Research and communications	8,546	-	-	-	8,546
Uncollectible grant receivable	44,887	-	-	-	44,887
Depreciation	117,379	7,977	-	7,977	125,356
Total other expenses	20,287,952	587,540	46,392	633,932	20,921,884
Total functional expenses	\$ 22,089,267	\$ 1,280,147	\$ 121,112	\$ 1,401,259	\$ 23,490,526

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 3,902,760	\$ 6,349,139
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation	192,982	125,356
Donation of land and building	-	(865,000)
(Increase) decrease in:		
Grant receivables	105,792	545,361
Other receivables	790	(11,279)
Prepaid expenses and deposits	5,585	(15,827)
Increase (decrease) in:		
Accounts payable and accrued liabilities	39,239	17,274
Deferred revenue	122,644	19,594
Payments due to subrecipients	<u>(255,865)</u>	<u>(440,635)</u>
Net cash from operating activities	<u>4,113,927</u>	<u>5,723,983</u>
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Cash paid for purchase of property, buildings, and equipment	<u>(10,787,237)</u>	<u>(5,872,061)</u>
Net cash (used in) investing activities	<u>(10,787,237)</u>	<u>(5,872,061)</u>
<u>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</u>		
Net proceeds from lines of credit	761,076	23,446
Proceeds from loan agreement	6,025,058	-
Payments on notes payable	<u>(24,047)</u>	<u>(22,468)</u>
Net cash from financing activities	<u>6,762,087</u>	<u>978</u>
Net increase (decrease) in cash and cash equivalents	88,777	(147,100)
Cash and cash equivalents at beginning of year	<u>917,365</u>	<u>1,064,465</u>
Cash and cash equivalents at end of year	<u>\$ 1,006,142</u>	<u>\$ 917,365</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

UNITY of Greater New Orleans, Inc. (UNITY) is a nonprofit corporation organized under the laws of the State of Louisiana. UNITY's mission is to coordinate partnerships to reduce, end and prevent homelessness.

UNITY's wholly owned subsidiaries include, UNITY Housing, Inc. which is a nonprofit corporation organized under the laws of the State of Louisiana, UNITY 2101 Louisiana Avenue, LLC, 2101 Louisiana Apartments, LLC, UNITY 2222 Tulane Avenue, LLC, 2222 Tulane Apartments, LLC, UNITY 3222 Canal Street, LLC and 3222 Canal Apartments, LLC. The subsidiaries were formed to develop and preserve housing through construction, rehabilitation and acquisition for very low, low, and moderate income individuals and families.

Consolidated Financial Statements

The consolidated financial statements include the accounts of UNITY and its wholly owned subsidiaries, UNITY Housing, Inc., 2101 Louisiana Apartments, LLC, 2222 Tulane Apartments, LLC, and 3222 Canal Apartments, LLC. All other LLC's listed above had no activity for the years ending June 30, 2012 and 2011. All significant intercompany balances and transactions are eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, *Not-For-Profit Entities*. Accordingly, UNITY and its subsidiaries are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Revenue Recognition

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as *net assets released from restrictions*.

Grant revenue is recognized as it is earned in accordance with approved contracts.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions in accordance with FASB-ASC 958-605-25, *Revenue Recognition for Not-for-Profit Organizations*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporations. No amounts have been reflected in the consolidated financial statements for donated services. However, volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB-ASC 958-605-25 was established.

Receivables

UNITY and its subsidiaries consider receivables to be collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

Property, Buildings, and Equipment

UNITY and its subsidiaries record property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2012 and 2011 totaled \$192,982 and \$125,356, respectively.

It is the policy of UNITY and its subsidiaries to capitalize all property, land and buildings, and equipment with an acquisition cost in excess of \$5,000.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, UNITY and its subsidiaries consider all demand deposits and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Assets

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when stipulated time restriction end or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Fair Values of Financial Instruments

The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short term maturities of those instruments.

Donated Property, Buildings and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is UNITY and subsidiaries policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. UNITY and subsidiaries reclassify temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property, buildings and equipment.

Date of Management Review

Management has evaluated subsequent events through November 17, 2012 the date which the financial statements were available to be issued.

(2) RESTRICTED CASH

Included in cash and cash equivalents on the accompanying consolidated statements of financial position are cash balances totaling \$620,316 and \$527,257 at June 30, 2012 and 2011, respectively, which are ear-marked and temporarily restricted by the donors.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(3) GRANT RECEIVABLES

Grant receivables at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
City of New Orleans	\$ 1,004,883	\$ 1,009,824
State of Louisiana	347,851	538,707
U.S. Department of Housing and Urban Development	1,667,569	1,450,135
U.S. Department of Health and Human Services	<u>21,474</u>	<u>10,533</u>
Total	3,041,777	3,009,199
Less: Allowance for uncollectibles	<u>(138,370)</u>	<u>-</u>
Net grant receivables	<u>\$ 2,903,407</u>	<u>\$ 3,009,199</u>

(4) PROPERTY, BUILDINGS, AND EQUIPMENT, NET

Property, building, and equipment at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Buildings and improvements	\$ 19,011,950	\$ 4,424,402
Transportation equipment	55,731	55,731
Equipment	<u>31,558</u>	<u>31,558</u>
Depreciable building and equipment	19,099,239	4,511,691
Less: accumulated depreciation	<u>(1,509,513)</u>	<u>(1,316,531)</u>
Depreciable building and equipment, net	17,589,726	3,195,160
Construction in progress	621,750	4,422,061
Land	<u>1,717,528</u>	<u>1,717,528</u>
Property, building, and equipment, net	<u>\$ 19,929,004</u>	<u>\$ 9,334,749</u>

(5) NOTES PAYABLE

Notes payable at June 30, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Note payable to bank (a related party), due January 2019, with a 6.863% interest rate. Monthly payments of \$3,058, including interest. Collateralized by land and building with an original cost basis of \$1,114,460.	\$ 168,089	\$ 192,136

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(5) NOTES PAYABLE (CONTINUED)

	2012	2011
Note payable to private foundation, due May, 2013, with a 3.0% interest rate. Interest payments are due annually. Guaranteed by Gulf Coast Housing Partnership and Common Ground Institute.	200,000	200,000
Note payable to private foundation, due August, 2012, with a 0% interest rate. Principal is due upon maturity. Guaranteed by Common Ground Institute.	150,000	150,000
\$7,590,000 gap financing loan from State of Louisiana, Division of Administration Office of Community Development with a 0% interest rate. Beginning July 1, 2013, annual installments due solely from surplus cash generated from the operation of the project. Loan matures on December 10, 2045. Operating cash flows are unknown at report date due to project still in the development phase. Collateralized by 60 unit apartment building.	6,025,058	-
Total notes payable	\$ 6,543,147	\$ 542,136

The interest expense incurred on these notes for the years ending June 30, 2012 and 2011, totaled \$18,647 and \$21,378, respectively.

The aggregate maturities of the notes payable consist of the following:

Year ending June 30,	
2013	\$ 375,809
2014	27,663
2015	29,651
2016	31,769
2017	34,064
Thereafter	6,044,191
	\$ 6,543,147

(6) REVOLVING LINES OF CREDIT

UNITY has an available revolving line of credit in the amount of \$350,000 that it utilizes for working capital needs throughout the year. At June 30, 2012 and 2011, the outstanding balance was \$250,000 and \$225,000, respectively. Interest on outstanding balance accrues at a rate equal to the Prime Rate, currently 4.5% and is payable monthly.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(6) REVOLVING LINES OF CREDIT (CONTINUED)

The credit line matures on November 29, 2012, at which time any outstanding principal and accrued interest are payable in full. As of the report date UNITY is in the process of renewing the line of credit. Total interest paid on the line of credit was \$5,157 and \$10,172 for the years ended June 30, 2012 and 2011.

During the year ended June 30, 2012, UNITY obtained an additional revolving line of credit from Hope Federal Credit Union in the amount of \$750,000 that is utilized for working capital needs throughout the year. At June 30, 2012, the outstanding balance was \$736,076. Interest on outstanding balance accrues at a rate equal to the Prime Rate, currently 4.5% and is payable monthly. The credit line matures on January 30, 2014, at which time any outstanding principal and accrued interest are payable in full. Total interest paid on the line of credit was \$10,464 for the year ended June 30, 2012.

(7) LEASE COMMITMENTS

UNITY leases its administrative facility under an operating lease; four units are included in the lease. The lease expires October 31, 2013 and the monthly rental amount is \$5,900. UNITY leased additional office space under an operating lease which expired September 25, 2012 and the monthly rental amount was \$1,900. UNITY rents warehouse space for the storage of furniture and equipment. The lease expires February 28, 2013 and monthly rental amount is \$900. The rental expense for the years ended June 30, 2012 and 2011 totaled \$78,734 and \$88,437, respectively.

Minimum future rentals are as follows:

Year ending <u>June 30,</u>	
2013	\$ 87,300
2014	<u>23,600</u>
Total	<u>\$ 110,900</u>

(8) NET ASSETS - TEMPORARILY RESTRICTED

As of June 30, 2012 and 2011, the temporarily restricted net assets are available for the following purposes:

	2012	2011
Baronne Street Building	\$ 50,270	\$ 53,270
Building repairs	-	50,002
Client assistance	25,463	11,880
Grant restrictions	<u>544,583</u>	<u>412,105</u>

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(9) INCOME TAXES

UNITY and UNITY Housing, Inc are exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and have been classified as organizations other than a private foundation under Section 509(a)(2). The remaining subsidiary LLC's mentioned above are disregarded entities under IRS guidelines and therefore their operations are considered by the IRS as tax exempt under the provisions of IRC Section 501(c)(3). Therefore, the subsidiary LLC's activities are reported in UNITY's annual Form 990 filing.

UNITY and subsidiaries evaluation as of June 30, 2012 and 2011 revealed no tax positions that would have a material impact on the financial statements. The 2007 through 2010 tax years remain subject to examination by the IRS. UNITY and subsidiaries do not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(10) CASH FLOW INFORMATION

Supplemental cash flow information for the years ended June 30, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Interest paid	\$ <u>34,268</u>	\$ <u>32,303</u>

(11) RELATED PARTY TRANSACTIONS

Various UNITY directors are employed by agencies that receive funds from UNITY as subrecipients.

The note payable detailed in Note 5 above with an outstanding amount of \$168,089 and \$192,136 at June 30, 2012 and 2011, respectively, is from a financial institution that employs a UNITY director in an executive capacity.

(12) CONCENTRATIONS OF CREDIT RISKS

UNITY and its subsidiaries maintain their cash in bank deposit accounts at various financial institutions. The balances at times may exceed federally insured limits. Total cash held at June 30, 2012 and 2011 includes \$195,610 and \$417,094, respectively in excess of amounts covered by insurance provided by the Federal Deposit Insurance Corporation, respectively. UNITY and its subsidiaries have not experienced any losses in these accounts.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012 AND 2011

(13) RETIREMENT PLAN

UNITY sponsors a defined contribution retirement plan covering all employees twenty-one years or older who have worked a minimum of six months. UNITY decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The percentage, determined by the Board of Directors, was 5% which totaled \$85,339 and 78,466 for the years ended June 30, 2012 and 2011, respectively.

(14) BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the years ended June 30, 2012 and 2011, respectively.

(15) FEDERALLY ASSISTED PROGRAMS

UNITY and its subsidiaries participate in a number of federally assisted programs. The programs are audited in accordance with the *Single Audit Act*, where applicable. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for future examinations. Management believes that future examinations would not result in any significant disallowed costs.

(16) ECONOMIC DEPENDENCY

UNITY and its subsidiaries receive the majority of their revenue from funds provided through direct grants from the U.S. Department of Housing and Urban Development, the U.S. Department of Health and Human Services and pass-through grants through the State of Louisiana and the City of New Orleans. The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds UNITY receives could be reduced significantly and have an adverse impact on its operations. As of the report date, management was not aware of any actions taken that would adversely affect the amount of funds to be received in the next fiscal year. UNITY and subsidiaries' support through federal grants totaled approximately 80% of revenue for the years ended June 30, 2012 and 2011.

(17) COMMITMENT

On May 19, 2011, 2101 Louisiana Apartments, LLC, received a donation of land and an existing building in New Orleans which appraised for \$865,000. The donation occurred for the purpose of rehabilitating the property and converting it into a multi-family housing complex. The complex is planned to contain 42 units for low income tenants. On September 7, 2012, 2101 Louisiana Apartments, LLC entered into a \$6,476,127 construction contract for the renovation of the building. The remaining necessary funding is committed through federal and state sources.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2012

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments, LLC	3222 Canal Apartments, LLC	Eliminations	Total
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 973,437	\$ 26,114	\$ 100	\$ 3,758	\$ 2,733	\$ -	\$ 1,006,142
Grant receivables	3,334,743	-	-	86,334	25,000	(542,670)	2,903,407
Other receivables	12,389	-	-	-	-	-	12,389
Prepaid expenses and deposits	6,068	11,000	-	-	5,000	-	22,068
Total current assets	4,326,637	37,114	100	90,092	32,733	(542,670)	3,944,006
<u>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</u>							
Total assets	2,477,216	788	1,441,140	15,097,042	912,818	-	19,929,004
Total assets	\$ 6,803,853	\$ 37,902	\$ 1,441,240	\$ 15,187,134	\$ 945,551	\$ (542,670)	\$ 23,873,010
<u>CURRENT LIABILITIES:</u>							
Lines of credit	\$ 986,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986,076
Current portion of notes payable	375,809	-	-	-	-	-	375,809
Accounts payable and accrued liabilities	230,947	16,390	23,434	157,194	337,042	(542,670)	222,337
Deferred revenue	440,455	-	-	-	-	-	440,455
Payments due to subrecipients	1,897,541	-	-	-	-	-	1,897,541
Total current liabilities	3,930,828	16,390	23,434	157,194	337,042	(542,670)	3,922,218
<u>LONG-TERM DEBT:</u>							
Notes payable	142,280	-	-	6,025,058	-	-	6,167,338
Total long-term debt	142,280	-	-	6,025,058	-	-	6,167,338
Total liabilities	4,073,108	16,390	23,434	6,182,252	337,042	(542,670)	10,089,556
<u>NET ASSETS:</u>							
Unrestricted	2,110,429	21,512	1,417,806	9,004,882	608,509	-	13,163,138
Temporarily restricted	620,316	-	-	-	-	-	620,316
Total net assets	2,730,745	21,512	1,417,806	9,004,882	608,509	-	13,783,454
Total liabilities and net assets	\$ 6,803,853	\$ 37,902	\$ 1,441,240	\$ 15,187,134	\$ 945,551	\$ (542,670)	\$ 23,873,010

(See Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2011

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments, LLC	3222 Canal Apartments, LLC	Eliminations	Total
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 794,738	\$ 16,148	\$ -	\$ 106,479	\$ -	\$ -	\$ 917,365
Grant receivables	3,162,198	-	-	42,677	-	(195,676)	3,009,199
Other receivables	13,179	-	-	-	-	-	13,179
Prepaid expenses and deposits	826	11,000	-	15,827	-	-	27,653
Total current assets	<u>3,970,941</u>	<u>27,148</u>	<u>-</u>	<u>164,983</u>	<u>-</u>	<u>(195,676)</u>	<u>3,967,396</u>
<u>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</u>							
Total assets	<u>2,593,744</u>	<u>3,944</u>	<u>880,505</u>	<u>5,856,556</u>	<u>-</u>	<u>-</u>	<u>9,334,749</u>
Total assets	<u>\$ 6,564,685</u>	<u>\$ 31,092</u>	<u>\$ 880,505</u>	<u>\$ 6,021,539</u>	<u>\$ -</u>	<u>\$ (195,676)</u>	<u>\$ 13,302,145</u>
<u>CURRENT LIABILITIES:</u>							
Line of credit	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,000
Current portion of notes payable	24,047	-	-	-	-	-	24,047
Accounts payable and accrued liabilities	180,982	5,116	42,676	150,000	-	(195,676)	183,098
Deferred revenue	317,811	-	-	-	-	-	317,811
Payments due to subrecipients	2,153,406	-	-	-	-	-	2,153,406
Total current liabilities	<u>2,901,246</u>	<u>5,116</u>	<u>42,676</u>	<u>150,000</u>	<u>-</u>	<u>(195,676)</u>	<u>2,903,362</u>
<u>LONG-TERM DEBT:</u>							
Notes payable	518,089	-	-	-	-	-	518,089
Total long-term debt	<u>518,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,089</u>
Total liabilities	<u>3,419,335</u>	<u>5,116</u>	<u>42,676</u>	<u>150,000</u>	<u>-</u>	<u>(195,676)</u>	<u>3,421,451</u>
<u>NET ASSETS:</u>							
Unrestricted	2,618,093	25,976	837,829	5,871,539	-	-	9,353,437
Temporarily restricted	527,257	-	-	-	-	-	527,257
Total net assets	<u>3,145,350</u>	<u>25,976</u>	<u>837,829</u>	<u>5,871,539</u>	<u>-</u>	<u>-</u>	<u>9,880,694</u>
Total liabilities and net assets	<u>\$ 6,564,685</u>	<u>\$ 31,092</u>	<u>\$ 880,505</u>	<u>\$ 6,021,539</u>	<u>\$ -</u>	<u>\$ (195,676)</u>	<u>\$ 13,302,145</u>

(See Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments, LLC	3222 Canal Apartments, LLC	Eliminations	Total
REVENUE:							
Grants	\$ 23,394,854	\$ 314,172	\$ 595,060	\$ 3,294,067	\$ 625,000	\$ (1,225,328)	\$ 26,997,825
Contributions	166,697	-	-	-	-	-	166,697
Investment income	290	-	-	-	-	-	290
Other revenues	121,066	-	-	1,130	-	-	122,196
Total revenue	23,682,907	314,172	595,060	3,295,197	625,000	(1,225,328)	27,287,008
EXPENSES:							
Salaries	1,860,939	-	-	16,668	-	-	1,877,607
Fringe benefits	644,381	-	-	4,254	-	-	648,635
Conferences, conventions, and meetings	85,453	2,715	-	4,516	-	-	92,684
Contracts - subrecipients	13,094,657	-	-	-	-	(1,225,328)	11,869,329
Equipment expense	259	1,418	-	-	-	-	1,677
Interest expense	34,268	-	-	-	-	-	34,268
Client assistance	7,381,103	-	-	-	-	-	7,381,103
Membership dues	100	-	-	-	-	-	100
Miscellaneous	20,087	217	-	-	-	-	20,304
Occupancy	257,236	208,207	15,083	63,118	16,491	-	560,135
Office expenses and supplies	138,354	26,402	-	-	-	-	164,756
Fundraising	12,758	-	-	-	-	-	12,758
Professional fees	252,804	4,039	-	-	-	-	256,843
Repairs and maintenance	53,002	72,481	-	-	-	-	125,483
Research and communications	2,213	-	-	-	-	-	2,213
Uncollectible grant receivable	143,371	-	-	-	-	-	143,371
Depreciation	116,528	3,156	-	73,298	-	-	192,982
Total expenses	24,097,513	318,635	15,083	161,854	16,491	(1,225,328)	23,384,248
Increase (decrease) in net assets	(414,606)	(4,463)	579,977	3,133,343	608,509	-	3,902,760
Net assets, beginning of year	3,145,350	25,976	837,829	5,871,539	-	-	9,880,694
Net assets, end of year	\$ 2,730,744	\$ 21,513	\$ 1,417,806	\$ 9,004,882	\$ 608,509	\$ -	\$ 13,783,454

(See Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	UNITY of Greater New Orleans, Inc.	UNITY Housing, Inc.	2101 Louisiana Apartments, LLC	2222 Tulane Apartments, LLC	3222 Canal Apartments, LLC	Eliminations	Total
REVENUE:							
Grants	\$ 24,693,700	\$ 302,757	\$ -	\$ 5,918,533	\$ -	\$ (2,197,489)	\$ 28,717,501
Contributions	2,957,581	-	865,000	-	-	(2,765,656)	1,056,925
Investment income	279	-	-	-	-	-	279
Other revenues	64,860	-	-	100	-	-	64,960
Total revenue	27,716,420	302,757	865,000	5,918,633	-	(4,963,145)	29,839,665
EXPENSES:							
Salaries	1,837,423	-	-	-	-	-	1,837,423
Fringe benefits	731,219	-	-	-	-	-	731,219
Conferences, conventions, and meetings	53,458	1,725	-	-	-	-	55,183
Contracts - subrecipients	15,425,164	-	-	-	-	(2,197,489)	13,227,675
Donations to affiliates	865,000	1,900,656	-	-	-	(2,765,656)	-
Equipment expense	2,885	17,593	-	-	-	-	20,478
Interest expense	32,303	-	-	-	-	-	32,303
Client assistance	6,194,844	-	-	-	-	-	6,194,844
Membership dues	490	-	-	-	-	-	490
Miscellaneous	6,344	45,232	-	-	-	-	51,576
Occupancy	251,466	194,981	27,171	47,094	-	-	520,712
Office expenses and supplies	164,816	29,743	-	-	-	-	194,559
Fundraising	46,392	-	-	-	-	-	46,392
Professional fees	159,155	1,105	-	-	-	-	160,260
Repairs and maintenance	238,623	-	-	-	-	-	238,623
Research and communications	8,546	-	-	-	-	-	8,546
Uncollectible grant receivable	44,887	-	-	-	-	-	44,887
Depreciation	122,200	3,156	-	-	-	-	125,356
Total expenses	26,185,215	2,194,191	27,171	47,094	-	(4,963,145)	23,490,526
Increase (decrease) in net assets	1,531,205	(1,891,434)	837,829	5,871,539	-	-	6,349,139
Net assets, beginning of year	1,614,145	1,917,410	-	-	-	-	3,531,555
Net assets, end of year	\$ 3,145,350	\$ 25,976	\$ 837,829	\$ 5,871,539	\$ -	\$ -	\$ 9,880,694

(See Auditors' Report)

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Disbursements/ Expenditures	Subrecipient Costs
U.S. Department of Housing and Urban Development				
Supportive Housing Program	14.235	various	\$ 9,181,634	\$ 7,931,570
Housing Opportunities for People with AIDS	14.241	LAH100014	290,836	290,836
Funds passed through State of Louisiana:				
Department of Health and Hospitals:				
* Shelter Plus Care	14.238	LA0086C6H031003	7,755,880	1,059,883
Homeless Prevention and Rapid-Re-housing Program (HPRP) (ARRA)	14.257	SHPRP-009(09)	796,305	574,443
Department of Health and Hospitals (DHH)	14.218	712196	12,225	-
Office of Community Development:				
Community Development Block Grants/State Programs:				
* Louisiana CDBG Piggyback Program Gap Financing Loan	14.228		6,025,058	-
Funds passed through City of New Orleans:				
* Shelter Plus Care	14.238		632,184	-
Homeless Prevention and Rapid-Re-housing Program (HPRP) (ARRA)	14.257	HPRP-009(09)	2,383,942	1,362,882
Neighborhood Stabilization Program (NSP1) (ARRA)	14.256	NSP-E-1	575,000	575,000
Funds passed through New Orleans Redevelopment Authority:				
Neighborhood Stabilization Program 2 (NSP2) (ARRA)	14.256	B-09-CN-LA-0041	650,328	650,328
Total U.S. Department of Housing and Urban Development			<u>28,303,392</u>	<u>12,444,942</u>
U.S. Department of Health and Human Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	704977	131,525	-
* Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	various	711,747	340,729
Total U.S. Department of Health and Human Services			<u>843,272</u>	<u>340,729</u>
Total Federal Awards			<u>\$ 29,146,664</u>	<u>\$ 12,785,671</u>
* Major Program				

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J.V. LECLERE KRENTEL - DECEASED

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 Governing Board of
UNITY of Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of UNITY of Greater New Orleans, Inc. (a nonprofit corporation) and its subsidiaries, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 17, 2012. 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.

Internal Control Over Financial Reporting

Management of UNITY of Greater New Orleans, Inc. and its subsidiaries are responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered UNITY of Greater New Orleans, Inc. and subsidiaries' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UNITY of Greater New Orleans, Inc. and subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Governing Board of
UNITY of Greater New Orleans, Inc.
November 17, 2012
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UNITY of Greater New Orleans, Inc. and subsidiaries' 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*.

This report is intended solely for the information and use of management, others within the entity, the governing board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 17, 2012



Certified Public Accountants

ERICKSEN KRENTEL & LA PORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Governing Board of
UNITY of Greater New Orleans, Inc.
New Orleans, Louisiana

Compliance

We have audited UNITY of Greater New Orleans, Inc. (a nonprofit corporation) and its subsidiaries compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of UNITY of Greater New Orleans, Inc. and subsidiaries major federal programs for the year ended June 30, 2012. UNITY of Greater New Orleans, Inc. and subsidiaries major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of UNITY of Greater New Orleans, Inc. and subsidiaries' management. Our responsibility is to express an opinion on UNITY of Greater New Orleans, Inc. and subsidiaries compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 UNITY of Greater New Orleans, Inc. and subsidiaries' 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. Our audit does not provide a legal determination of UNITY of Greater New Orleans, Inc. and subsidiaries' compliance with those requirements.

In our opinion, UNITY of Greater New Orleans, Inc. and its subsidiaries, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

To the Governing Board of
UNITY of Greater New Orleans, Inc.
November 17, 2012
Page 2

Internal Control Over Compliance

Management of UNITY of Greater New Orleans, Inc. and its subsidiaries are responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered UNITY of Greater New Orleans, Inc. and its subsidiaries internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 UNITY of Greater New Orleans, Inc. and its subsidiaries 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the governing board, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 17, 2012

Erickson, Krentel & LaPorte LLP

Certified Public Accountants

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of UNITY of Greater New Orleans, Inc. and its subsidiaries.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of UNITY of Greater New Orleans, Inc. and its subsidiaries, were reported in the 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*.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for UNITY of Greater New Orleans, Inc. and its subsidiaries expresses an unqualified opinion.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as a major programs included:
 - Shelter Plus Care CFDA 14.238
 - Community Development Block Grant 14.228
 - Substance Abuse and Mental Health Services Administration (SAMHSA) 93.243
8. The threshold for distinguishing Types A and B programs was \$693,648.
9. UNITY of Greater New Orleans, Inc. and its subsidiaries qualified as a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2012.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2012.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to major federal award programs for the year ended June 30, 2012.

UNITY OF GREATER NEW ORLEANS, INC. AND SUBSIDIARIES
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Not applicable

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR
FEDERAL AWARD PROGRAMS**

Not applicable

SECTION III – MANAGEMENT LETTER

Not applicable