

RECONCILE NEW ORLEANS, INC.

Audits of Financial Statements

December 31, 2024 and 2023



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Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reconcile New Orleans, Inc. (RNO), which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RNO as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RNO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RNO's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 RNO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RNO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025 on our consideration of RNO's internal control over financial reporting and 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 RNO'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 RNO's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA
June 5, 2025

RECONCILE NEW ORLEANS, INC.
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,421,756	\$ 987,726
Short-Term Investments	2,027,518	-
Accounts Receivable	1,822	47,639
Grants Receivable	857,089	820,507
Contributions Receivable	415,641	357,500
Prepaid Expenses and Other Assets	14,495	16,626
Total Current Assets	5,738,321	2,229,998
Property and Equipment, Net	3,588,242	3,625,513
Other Assets		
Contributions Receivable, Net	344,872	595,993
Total Assets	\$ 9,671,435	\$ 6,451,504
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 100,395	\$ 90,951
Salaries, Taxes, and Withholdings Payable	88,975	70,433
Notes Payable, Current Portion	28,047	28,299
Total Current Liabilities	217,417	189,683
Long-Term Liabilities		
Notes Payable, Less Current Portion	925,131	946,416
Total Long-Term Liabilities	925,131	946,416
Total Liabilities	1,142,548	1,136,099
Net Assets		
Without Donor Restrictions	7,331,280	3,968,264
With Donor Restrictions	1,197,607	1,347,141
Total Net Assets	8,528,887	5,315,405
Total Liabilities and Net Assets	\$ 9,671,435	\$ 6,451,504

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

RECONCILE NEW ORLEANS, INC.
Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Grants	\$ 4,241,641	\$ 392,500	\$ 4,634,141
Federal/State Funding	883,370	-	883,370
Contributions and Donations	636,083	480,000	1,116,083
Restaurant Sales	404,009	-	404,009
Catering Sales	96,606	-	96,606
Investment Return, Net	155,212	-	155,212
Other Revenues, Net	7,587	-	7,587
Rental Income	575	-	575
Net Assets Released from Restrictions	1,022,034	(1,022,034)	-
Total Revenue, Support, and Gains	7,447,117	(149,534)	7,297,583
Expenses			
Program Expenses			
Workforce Development Program	3,236,806	-	3,236,806
Supporting Services			
Management and General	550,099	-	550,099
Fundraising	297,196	-	297,196
Total Expenses	4,084,101	-	4,084,101
Change in Net Assets	3,363,016	(149,534)	3,213,482
Net Assets, Beginning of Year	3,968,264	1,347,141	5,315,405
Net Assets, End of Year	\$ 7,331,280	\$ 1,197,607	\$ 8,528,887

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

RECONCILE NEW ORLEANS, INC.
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Grants	\$ 475,021	\$ 90,000	\$ 565,021
Federal/State Funding	888,849	-	888,849
Contributions and Donations	410,713	1,000,000	1,410,713
Restaurant Sales	343,535	-	343,535
Catering Sales	123,103	-	123,103
Other Revenues, Net	12,857	-	12,857
Rental Income	6,700	-	6,700
Net Assets Released from Restrictions	1,035,859	(1,035,859)	-
Total Revenue, Support, and Gains	3,296,637	54,141	3,350,778
Expenses			
Program Expenses			
Workforce Development Program	2,846,972	-	2,846,972
Supporting Services			
Management and General	578,268	-	578,268
Fundraising	322,866	-	322,866
Total Expenses	3,748,106	-	3,748,106
Change in Net Assets	(451,469)	54,141	(397,328)
Net Assets, Beginning of Year	4,419,733	1,293,000	5,712,733
Net Assets, End of Year	\$ 3,968,264	\$ 1,347,141	\$ 5,315,405

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

RECONCILE NEW ORLEANS, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Supporting Services		
	Workforce			
	Development Program	Management and General	Fundraising	Total
Salaries	\$ 1,439,496	\$ 251,409	\$ 160,412	\$ 1,851,317
Participant Assistance Expense	449,151	19,857	-	469,008
Employee Benefits	313,866	69,060	80,892	463,818
Cost of Sales - Food and Beverage	244,301	-	-	244,301
Contractual Services and Professional Fees	204,892	11,560	1,213	217,665
Depreciation	-	151,465	-	151,465
Operating Supplies	82,656	8,744	26,444	117,844
Utilities	111,381	-	-	111,381
Building and Equipment Repairs	95,183	-	-	95,183
Insurance	82,764	-	-	82,764
Marketing and Public Relations	70,958	1,535	4,421	76,914
Grant Writing Expense	12,876	5,500	18,300	36,676
Participant Meals	36,579	-	-	36,579
Technology and Software Maintenance	16,920	3,723	4,361	25,004
Telephone	17,698	-	-	17,698
Credit Card Fees	16,477	-	-	16,477
Bad Debt Expense	-	16,116	-	16,116
Participant Uniforms	16,056	-	-	16,056
Interest and Bank Service Charges	8,295	984	1,153	10,432
Equipment Rental	9,692	-	-	9,692
Volunteer Expense	-	5,696	-	5,696
Fees, Dues, and Subscriptions	5,439	-	-	5,439
Storage	-	2,880	-	2,880
Other	1,350	-	-	1,350
Postage and Delivery	-	1,213	-	1,213
Travel	776	357	-	1,133
Total	\$ 3,236,806	\$ 550,099	\$ 297,196	\$ 4,084,101

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

RECONCILE NEW ORLEANS, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services		
	Workforce			
	Development Program	Management and General	Fundraising	Total
Salaries	\$ 1,250,739	\$ 312,049	\$ 166,261	\$ 1,729,049
Employee Benefits	275,135	58,696	68,227	402,058
Participant Assistance Expense	385,867	-	-	385,867
Cost of Sales - Food and Beverage	233,953	-	-	233,953
Depreciation	-	161,934	-	161,934
Contractual Services and Professional Fees	152,180	986	1,147	154,313
Utilities	119,647	-	-	119,647
Marketing and Public Relations	54,378	25,169	30,569	110,116
Operating Supplies	64,827	9,715	15,575	90,117
Insurance	77,579	-	-	77,579
Building and Equipment Repairs	76,003	-	-	76,003
Grant Writing Expense	37,105	5,500	18,190	60,795
Participant Meals	27,876	-	-	27,876
Technology and Software Maintenance	12,456	2,657	3,089	18,202
Telephone	15,484	-	-	15,484
Credit Card Fees	14,850	-	-	14,850
Other	-	(3,869)	18,630	14,761
Participant Uniforms	14,615	-	-	14,615
Interest and Bank Service Charges	9,103	1,013	1,178	11,294
Fees, Dues, and Subscriptions	8,819	-	-	8,819
Equipment Rental	7,903	-	-	7,903
Volunteer Expense	6,936	-	-	6,936
Storage	-	2,880	-	2,880
Travel	1,517	496	-	2,013
Postage and Delivery	-	1,042	-	1,042
Total	\$ 2,846,972	\$ 578,268	\$ 322,866	\$ 3,748,106

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

RECONCILE NEW ORLEANS, INC.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,213,482	\$ (397,328)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	151,465	161,934
Realized and Unrealized Gains	(151,802)	-
Bad Debt Expense	16,116	-
(Increase) Decrease in Operating Assets		
Accounts Receivable	29,701	(24,991)
Grants Receivable	(36,582)	627,544
Contributions Receivable, Net	192,980	(913,411)
Prepaid Expenses and Other Assets	2,131	2,543
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	9,444	(44,589)
Salaries, Taxes, and Withholdings Payable	18,542	9,310
Net Cash Provided by (Used in) Operating Activities	3,445,477	(578,988)
Cash Flows from Investing Activities		
Purchases of Investments	(2,471,693)	-
Proceeds from Sales of Investments	595,977	-
Purchases of Property and Equipment	(114,194)	(31,000)
Net Cash Used in Investing Activities	(1,989,910)	(31,000)
Cash Flows from Financing Activities		
Payments on Notes Payable	(21,537)	(21,005)
Net Cash Used in Financing Activities	(21,537)	(21,005)
Net Increase (Decrease) in Cash and Cash Equivalents	1,434,030	(630,993)
Cash and Cash Equivalents, Beginning of Year	987,726	1,618,719
Cash and Cash Equivalents, End of Year	\$ 2,421,756	\$ 987,726
Supplemental Disclosure of Cash Flow Information		
Interest Expense Paid During the Year	\$ 3,822	\$ 4,353

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

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 1. Background and General Data

Reconcile New Orleans, Inc. (RNO) is a not-for-profit organization initially founded as LSF Foundation named Desire, Inc., incorporated on January 10, 1997, and changed to its current corporate name on October 21, 2002. RNO operates a workforce development program that supports the training and development of young people ages 16-24, as the next generation of professionals in the New Orleans community.

The program nurtures young people's professional and personal growth as they explore career or educational opportunities and develop job readiness skills to stand out in the marketplace. Participants earn industry credentials, explore career and educational pathways that suit their individual abilities, and experience real-world, on-the-job training in the training restaurant Café (Café') Reconcile. When community members enjoy a meal in the Café, they become active participants in the training experience, with 100% of all restaurant profits directly funding participant stipends, learning opportunities, and other program resources.

Basis of Accounting

The financial statements of RNO have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared to focus on RNO as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RNO and changes therein are classified and reported in two classes of net assets - without donor restrictions and with donor restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of RNO are included in this category.

Net Assets With Donor Restrictions - Net assets that include gifts and contributions for which donor-imposed restrictions have not been met. Some income is reflected in net assets with donor restrictions until utilized for donor-imposed restrictions.

Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as a decrease in net assets with donor restrictions.

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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 the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual reported amounts of revenues and expenses during the reporting period could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, RNO considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Short-Term Investments

Investments, primarily consisting of U.S. treasury bills, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments, and interest and dividends, net of investment fees, are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Revenue Recognition

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, requires revenues to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. This standard does not impact RNO's recognition of revenue from restaurant or catering sales as those sales are recognized on a cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes. Rental income is also not impacted by this standard as those revenues are subject to the guidance in ASC 842, *Leases*.

Contributions, Donations, and Grants

Contributions, donations, and grants are recorded as revenue when an unconditional promise to give has been made. Contributions, donations, and grants are considered available for RNO's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as increases in net assets with donor restrictions. Amounts received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Federal and State Funding

A portion of RNO's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when RNO has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Accounts Receivable

Management determines the allowance using an estimate of expected credit losses, applied to customer groupings with similar risk characteristics, based on historical experience, current economic conditions, and certain forward-looking information. Account balances are written-off against the established allowance when management determines it is probable the receivable will not be collected. As of December 31, 2024 and 2023, there was no allowance recorded for credit losses.

Property and Equipment

Land, buildings, building improvements, furniture and fixtures, and equipment are recorded at cost or estimated cost. Donated items received are recorded at the fair value at time of receipt. RNO capitalizes all fixed asset acquisitions greater than \$1,000. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. Equipment purchased with grant funds that revert to the funding source are expensed at time of acquisition without consideration of cost. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized.

Buildings, building improvements, furniture and fixtures, and equipment are depreciated using the straight-line method and the following estimated useful lives:

Assets	Estimated Useful Lives
Buildings and Improvements	20 - 40 Years
Furniture and Fixtures	3 - 5 Years
Equipment	5 - 10 Years
Other Assets	5 Years

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

RNO reviews its long-lived assets, including property and equipment and other intangibles, for impairment when an event or change in facts and circumstances indicates that their carrying amount may not be recoverable, but at least annually. RNO determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. There were no such charges for impairment during the years ended December 31, 2024 and 2023.

Income Taxes

RNO is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

RNO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Advertising Expense

RNO expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2024 and 2023 totaled \$73,523 and \$85,976, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, contractual services and professional fees, participant assistance expenses, grant writing expense, operating supplies, marketing and public relations, technology and software maintenance, interest and bank service charges, and travel, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. These reclassifications had no impact on previously reported changes in net assets.

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 3. Contributions Receivable

At December 31, 2024 and 2023, amounts included in contributions receivable were as follows:

	2024	2023
Contributions Receivable	\$ 815,641	\$ 1,025,000
Less: Discount of Long-Term Contributions	(55,128)	(71,507)
Contributions Receivable, Net	\$ 760,513	\$ 953,493

Amounts due are as follows:

Year Ending December 31,	Amount
2025	\$ 415,641
2026	200,000
2027	200,000
Total	\$ 815,641

Contributions receivable due in more than one year are discounted at rates ranging between 4.25% and 4.27%.

Note 4. Concentration of Risk

RNO periodically maintains deposits in financial institutions that exceed the insured amount of \$250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). RNO believes it is not exposed to any significant credit risk to cash. At December 31, 2024 and 2023, the amount RNO had in excess of the FDIC insured limit totaled \$483,824 and \$543,064, respectively.

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 5. Property and Equipment, Net

At December 31, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Land	\$ 264,402	\$ 264,402
Buildings and Improvements	4,999,351	4,980,718
Furniture and Fixtures	430,353	384,746
Equipment	675,019	625,064
Other Assets	12,250	12,250
	<u>6,381,375</u>	<u>6,267,180</u>
Less: Accumulated Depreciation	<u>(2,793,133)</u>	<u>(2,641,667)</u>
Total Property and Equipment, Net	<u>\$ 3,588,242</u>	<u>\$ 3,625,513</u>

Depreciation expense totaled \$151,465 and \$161,934 for the years ended December 31, 2024 and 2023, respectively.

Note 6. Commitments and Contingencies

RNO is a recipient of grants which are governed by contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of RNO and subject to audit and/or review by the applicable funding source. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

RECONCILE NEW ORLEANS, INC.**Notes to Financial Statements**

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are for the following purposes or periods:

	2024	2023
Subject to Expenditure for Specific Purpose		
Graduation Stipend	\$ 45,807	\$ 54,307
Workforce Grant	-	36,884
Capital Improvements	184,300	-
Partner Event Sponsorship	5,000	-
Executive Coaching	-	5,950
	<u>235,107</u>	<u>97,141</u>
Subject to the Passage of Time		
Available for General Use	<u>962,500</u>	<u>1,250,000</u>
Total	<u><u>\$ 1,197,607</u></u>	<u><u>\$ 1,347,141</u></u>

Note 8. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2024	2023
Subject to Expenditure for Specific Purpose		
Graduation Stipend	\$ 48,500	\$ 25,693
Workforce Grant	36,884	28,116
Capital Improvements	65,700	-
Executive Coaching	5,950	7,050
	<u>157,034</u>	<u>60,859</u>
Subject to the Passage of Time		
Available for General Use	<u>865,000</u>	<u>975,000</u>
Total	<u><u>\$ 1,022,034</u></u>	<u><u>\$ 1,035,859</u></u>

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 9. Notes Payable

At December 31, 2024 and 2023, notes payable consisted of the following:

	2024	2023
On November 8, 2011, RNO executed a promissory note payable to Gulf Coast Housing Development, Inc. in the sum of \$765,828 to bear an interest rate of 0% through maturity at December 31, 2041. The entire principal balance of the note is due and payable in full at the earlier of December 31, 2041 or upon sale or refinance of the loan.	\$ 765,828	\$ 765,828
On November 8, 2011, RNO entered into a note payable with New Orleans Redevelopment Authority, a public entity, for \$350,000 to pay costs and expenses associated with the rehabilitation of the building located at 1631 Oretha Castle Haley Boulevard with a stated interest rate of 2% per annum. The note matures on the earlier of the borrower's sale or refinance of the property or fifteen (15) years from the date of issuance of the building's temporary or permanent certificate of occupancy, not to exceed sixteen (16) years from the date of the loan agreement. Such payments shall commence one (1) year following issuance of a temporary or permanent certificate of occupancy. The loan is payable in monthly installments.	187,350	208,887
Total Notes Payable	953,178	974,715
Less: Current Portion of Notes Payable	(28,047)	(28,299)
Total Notes Payable, Less Current Portion	\$ 925,131	\$ 946,416

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 9. Notes Payable (Continued)

Future scheduled maturities of notes payable are as follows:

Year Ending December 31,	Amount
2025	\$ 28,047
2026	21,821
2027	22,373
2028	22,939
2029	23,519
Thereafter	<u>834,479</u>
Total	<u>\$ 953,178</u>

The \$350,000 note payable noted above is separated into two promissory notes: Promissory note A, totaling \$305,462, of which the terms are explained above, and Promissory note B, totaling \$44,538. Promissory note B states that RNO shall have no obligations to make any payment on the note if there is no default in any of the conditions agreed to. At the maturity date of this note, if all conditions are met, the \$44,538 will be recognized as income.

Note 10. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalent	\$ 2,421,756	\$ 987,726
Short-Term Investments	2,027,518	-
State Funding Receivable	239,824	323,509
Accounts Receivable	<u>1,822</u>	<u>47,639</u>
Total	<u>\$ 4,690,920</u>	<u>\$ 1,358,874</u>

As part of its liquidity management plan, RNO invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Note 11. Retirement Plan

Effective January 1, 2021, a traditional 401(k) Safe Harbor plan was established in which RNO participates. Employees are eligible to enroll in the plan after 60 days of employment and can contribute up to the federally designated limit. RNO contributions are limited to the maximum of four percent (4%) of an eligible employee's total compensation. These contributions include a three percent (3%) safe harbor election and a one quarter percent (0.25%) match for each one percent (1%) contributed by the employee up to a maximum of one percent (1%). Retirement plan expense for RNO totaled \$61,815 and \$40,035 for the years ended December 31, 2024 and 2023, respectively.

Note 12. Fair Value Measurements

RNO follows the *Fair Value Measurement* Topic of the FASB ASC (ASC 820) for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to RNO. In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs.

The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 includes U.S. Treasury Bills.
- Level 2 Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives.

RECONCILE NEW ORLEANS, INC.

Notes to Financial Statements

Note 12. Fair Value Measurements (Continued)

Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity funds and funds of hedge funds.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although RNO believes valuation methods are appropriate and consistent with 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. There have been no changes in the methodologies used during the year ended December 31, 2024.

The valuation of RNO's investments by the above fair value hierarchy at December 31, 2024 is as follows:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 2,027,518	\$ -	\$ -	\$ 2,027,518
Total	\$ 2,027,518	\$ -	\$ -	\$ 2,027,518

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 5, 2025, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

RECONCILE NEW ORLEANS, INC.
Schedule of Compensation, Benefits, and Other Payments to
Agency Head
For the Year Ended December 31, 2024

Schedule I

Agency Head

Kheri Billy, Chief Executive Officer

Purpose	Amount
Salary	\$128,606
Bonus	\$0
Benefits - Insurance	\$15,881
Benefits - Retirement	\$5,144
Benefits - Other	\$521
Car Allowance	\$0
Vehicle Provided by Organization	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Miscellaneous Expenses	\$0

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**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**

Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc.
New Orleans, Louisiana

We have audited, 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, the financial statements of Reconcile New Orleans, Inc. (RNO), which comprise the statement of financial position as of December 31, 2024, 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 June 5, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RNO'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 RNO's internal control. Accordingly, we do not express an opinion on the effectiveness of RNO's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RNO'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 5, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reconcile New Orleans, Inc.'s (RNO) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of RNO's major federal programs for the year ended December 31, 2024. RNO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RNO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RNO and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of RNO's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to RNO's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RNO's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RNO's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RNO's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RNO's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 RNO's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of Reconcile New Orleans, Inc. as of and for the year ended December 31, 2024, and have issued our report thereon dated June 5, 2025, which contained an unmodified opinion on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, 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.



A Professional Accounting Corporation

Covington, LA
June 5, 2025

RECONCILE NEW ORLEANS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor or Pass-Through Grantor and Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures Incurred During the Year Ended December 31, 2024
U.S. Department of Labor			
Passed through Strive International, Inc. (STRIVE)			
STRIVE Future Leaders Education and Advancement Partnership (Future LEAP)	17.270	YF-36574-21-60-A-36	<u>\$ 100,672</u>
Total U.S. Department of Labor			<u>100,672</u>
U.S. Department of Agriculture, Food and Nutrition Services USDA			
Passed through The State of Louisiana Department of Children and Family Services			
SNAP Cluster			
State Administrative Matching Grants for Food Stamp Program (SNAP)	10.561	LA420142	<u>627,210</u>
Total U.S. Department of Agriculture, Food and Nutrition Services USDA			<u>627,210</u>
Total SNAP Cluster			<u>627,210</u>
Delta Regional Authority (DRA)			
Delta Workforce Program Grant	90.200	DRA23DWPLA-23167	<u>137,219</u>
Total Delta Regional Authority			<u>137,219</u>
U.S. Department of Health and Human Services			
Administration for Children and Families Community Based Child Abuse Prevention (CBCAP)			
Passed through Louisiana Children's Trust Fund (LCTF)			
Louisiana Children's Trust Fund Grant	93.590	2000756192	<u>13,605</u>
Total U.S. Department of Health and Human Services			
Total Expenditures of Federal Awards			<u><u>\$ 878,706</u></u>

RECONCILE NEW ORLEANS, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Reconcile New Orleans, Inc. (RNO) under programs of the federal government for the year ended December 31, 2024. The information in the 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 RNO, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of RNO.

Note 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.

Note 3. Indirect Cost Rate

RNO uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

RECONCILE NEW ORLEANS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
State Administrative Matching Grants for Food Stamp Program (SNAP)	10.561

Dollar threshold used to determine Type A Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

None.

Section III. Findings and Questioned Costs for Federal Awards

None.

RECONCILE NEW ORLEANS, INC.
Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

None.