

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**New Orleans Redevelopment Unlimited, Inc.**  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of **New Orleans Redevelopment Unlimited, Inc. (NORU)** which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**New Orleans Redevelopment Unlimited, Inc.**  
New Orleans, Louisiana

**Auditors' Responsibility**

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

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

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**New Orleans Redevelopment Unlimited, Inc.**  
New Orleans, Louisiana

**Opinion**

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of **NORU** as of December 31, 2018, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019 on our consideration of **NORU**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **NORU**'s internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

**ASSETS**

Current assets:	
Cash (NOTE 3)	\$ 254,388
Current portion of loans receivable (NOTES 5, 11 and 15)	71,465
Prepaid items and other assets	465
Amounts receivable, net (NOTES 6 and 9)	1,212
Grants receivable (NOTE 17)	947,075
Accrued interest receivable	476
Investment (NOTE 18)	<u>841,780</u>
Total current assets	<u>2,116,861</u>
Noncurrent assets:	
Loans receivable, net (NOTES 5, 11 and 15)	<u>1,107,177</u>
Total noncurrent assets	<u>1,107,177</u>
Total assets	<u>\$3,224,038</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Salaries payable	\$ 7,230
Amounts payable vendors (NOTE 13)	691,531
Current portion of unearned charges (NOTE 5)	71,465
Due to primary government, net	<u>120,402</u>
Total current liabilities	<u>890,628</u>
Noncurrent liabilities:	
Revolving loan (NOTES 5 and 11)	1,724,500
Unearned charges (NOTE 15)	417,177
Unearned revenues	<u>100,000</u>
Total noncurrent liabilities	<u>2,241,677</u>
Total liabilities	<u>3,132,305</u>
CONTINGENCIES (NOTE 9)	
Net assets:	
Without donor restrictions	<u>91,733</u>
Total net assets	<u>91,733</u>
Total liabilities and net assets	<u>\$3,224,038</u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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Operating Activities:	
Grants (NOTE 16)	\$ <u>1,777,200</u>
Total operating income	<u>1,777,200</u>
Expenses:	
Program services	1,748,090
Supporting services	<u>29,110</u>
Total expenses	<u>1,777,200</u>
Change in net assets from operating activities	-0-
Non-operating Activities	
Interest income	20,032
Forfeitures and other	<u>16,553</u>
Total non-operating income	<u>36,585</u>
Change in net assets from operating and non-operating activities	36,585
Net assets, beginning of year	<u>55,148</u>
Net assets, end of year	\$ <u><u>91,733</u></u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Personnel salaries and wages	\$ 107,546	\$ 5,762	\$ 113,308
Personnel services employee benefits	25,909	1,003	26,912
Purchased professional and technical services	8,580	16,327	24,907
Purchased property services	6,228	4,115	10,343
Insurance	1,032	1,899	2,931
Other purchased services	492	1	493
Property	288	3	291
Program	<u>1,598,015</u>	<u>-0-</u>	<u>1,598,015</u>
Total	<u>\$1,748,090</u>	<u>\$29,110</u>	<u>\$1,777,200</u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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Cash Flows From Operating Activities:	
Change in net assets	\$ 36,585
Adjustments to reconcile change in operating assets and liabilities to net cash used in operating activities:	
Increase in amounts payable	465,292
Decrease in prepaid items and other assets	22
Increase in interfund	63,876
Decrease in salaries payable	(5,390)
Increase in grants receivable	<u>(626,704)</u>
Net cash used in operating activities	<u>(66,319)</u>
Cash Flows From Investing Activities:	
Disbursements of loans	(456,601)
Purchase of investment	<u>( 59,044)</u>
Cash used in investing activities	<u>(515,645)</u>
Cash Flows From Financing Activities:	
Collection on revolving loans	453,180
Grants and unearned charges	<u>181,607</u>
Cash provided by financing activities	<u>634,787</u>
Net increase in cash	52,823
Cash, beginning of year	<u>201,565</u>
Cash, end of year	<u>\$ 254,388</u>
Interest paid	<u>\$ -0-</u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

NOTE 1 - BACKGROUND GENERAL DATA:

Background

**New Orleans Redevelopment Unlimited, Inc. (NORU)** was formed in 2004 as a nonprofit corporation.

The purposes of **NORU** include:

- o Eliminate and prevent the development or spread of slums.
- o Promote neighborhood revitalization, blight removal, community development and construction of affordable housing that is decent, safe and sanitary for low and moderate income families, including support of efforts of entities so engaged through loans with repayment.
- o Allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans to include but not limited to community improvement plans or projects approved by the governing body of the City of New Orleans.
- o Acquire property by negotiation or gift.
- o Dispose of property by sale, lease or gift.
- o Own real estate, to buy or sell, develop or lease, and generally handle, moveable and immovable property of every nature and kind.
- o Do any and all things necessary with full authority to perform all acts necessary or proper to accomplish the purposes expressed or implied in these Articles, or that may be incidental thereto.

General

As of December 31, 2018, **NORU** is primarily engaged in the implementation of a Loan Fund pursuant to Section 105(a)(15) of the Housing and Community Development Act of 1974 for revolving construction loans to facilitate the construction of residential housing in a memorandum agreement with New Orleans Redevelopment Authority.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND GENERAL DATA, CONTINUED:

Housing Opportunity Zone

This program uses State CDBG funds to finance the development of affordable housing on NORA -owned property located in the nine City-designated Housing Opportunity Zone.

Orleans Housing Investment Program

The newest phase of NORU's Residential Construction Lending Program, is funded through HUD CDBG Locally-held Program Income derived from sale of former Road Home properties. NORA will fund the development of primarily single-family affordable homes in neighborhoods like Central City, Seventh Ward, Gentilly, and New Orleans East.

Construction Lending Extended

The program is funded through HUD CDBG State held Program income derived from the sales of former Road Home Properties. NORA has awarded properties and NORU is providing financing for the development of affordable housing in Gentilly, Tulane-Gravier and New Orleans East.

Construction Lending Expanded

The program uses State CDBG funds to finance the development of affordable housing on NORA owned properties located in New Orleans East and the Lower Ninth Ward.

JP Morgan Chase Foundation

The grant is for the development of a public sector organizational and funding structure for the sustainable long term implementation of commercial corridor revitalization strategies in New Orleans.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Basis of Presentation

**NORU's** basic financial statements consist of the statement of financial position, statements of activities, statements of functional expenses and cash flows. The statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

As required by Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) sections ASC Sections 958-205 and 605 (Not-for-Profit Entities Presentation of Financial Statements and Revenue Recognition), **NORU** recognizes contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair value.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Financial Statement Presentation, Continued

FASB ASC 958 dated August 2016 and the provisions of the American Institute of Certified Public Accountants "Audit and Accounting Guide for Not-for-Profit Organizations (the Guide) Update 2016-14 was effective January 1, 2018.

Under the provisions of the Guide, net assets and gains and losses are classified based on the existence or absences of donor-imposed restrictions. Accordingly, the net assets of **NORU** and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **NORU**. **NORU**'s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **NORU** or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

At December 31, 2018, **NORU**'s net assets without donor restrictions reports the results of revenues generated by providing services, receiving unrestricted contributions, grants, interest from investments, disposition of real property, less expenses incurred in providing program and supporting related services. In addition, **NORU** presents a statement of cash flows in the accompanying financial statements.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Statement of Cash Flows

For purposes of the statement of cash flows, NORU considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents.

Loans Receivable

Loans receivable are recorded at the face value of the note at point of execution. The revolving construction loan program is used to support economic and rehabilitation development activities.

NORU uses the allowance method (based on prior year's experience and analysis) to determine uncollectibility of loans receivable.

Investment

Investment consist of participation in Louisiana Asset Management Pool (LAMP). The portfolio includes only securities and other obligations in which Local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attribute to NORU's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Revolving Loan:

Revolving loan is recorded at face value at point of disbursement. The loan is used to further the construction loan program aimed at economic and rehabilitation development activities.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and Effort
Occupancy	Square Footage
Travel	Time and Effort
Other	Time and Effort

New Accounting Pronouncement:

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this update are effective for annual financial standards issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

NORU has implemented this new pronouncement in the accompanying financial statements.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - CASH:**

At December 31, 2018 the carrying amount of **NORU**'s deposits was \$254,388 and the collected bank balance was \$255,763. The cumulative collected bank balance at December 31, 2018 is covered by federal deposit insurance and through the pledge of securities in **NORA**'s (parent entity) name. Custodial credit risk, is the risk that in the event of a failure by the financial institution, **NORU**'s deposits may not be returned to it. **NORU** has a deposit policy for custodial credit risk.

**NOTE 4 - LIQUIDITY:**

**NORU**'s financial assets available within one year of the balance sheet date for general expenses are as follows:

Cash	\$ 254,388
Investments	841,780
Amounts receivable, net	1,212
Grants receivable	947,075
Current portion of loans receivable	71,465
Accrued interest receivable	<u>476</u>
	<u>\$2,116,396</u>

**NORU**'s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

As part of **NORU**'s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, **NORU** invests cash in excess of projected requirements in short-term investments.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 5 - LOANS RECEIVABLE, NET:

At December 31, 2018, loans receivable, net consisted of the following:

Unsecured loan to a corporation at a rate of 2.0% per annum due in full in thirty-six (36) months commencing immediately upon disbursements of funds. Payments shall commence on the principal loan amount plus interest in 36 equal monthly installments beginning 6 months after certificate of occupancy.	\$ 85,000
Unsecured to a corporation at a rate of 2.0% per annum due in full in thirty-six (36) months commencing immediately upon disbursement of funds. Loans shall be forgiven at NORU's sole discretion, provided no event of default has occurred.	50,000
Unsecured to a corporation at a rate of 2.0% per annum to accrued immediately upon disbursement of funds. Entire unpaid principal and interest is due on the 3 <sup>rd</sup> anniversary of the 1 <sup>st</sup> day of the month following the completion of the last unit in that phase.	150,000
Unsecured to a corporation at a rate of 2.0% per annum to accrue immediately upon disbursement of funds. Loans shall be forgiven at NORU's sole discretion, provided no event of default has occurred.	75,000
Unsecured to a corporation at a rate of 2.0% per annum to accrued immediately upon disbursement of funds. Entire unpaid principal and interest is due on the 3 <sup>rd</sup> anniversary of the 1 <sup>st</sup> day of the month following the completion of the last unit in that phase.	60,000

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 5 - LOANS RECEIVABLE, NET, CONTINUED:

Unsecured to a corporate at a rate of 2.5% per annum to accrue immediately upon disbursement of funds. Payments shall commence on the principal loan amount plus interest in 36 equal monthly installments beginning 6 months after certificate of occupancy.	\$ 232,500
Unsecured to a corporation at a rate of 2.5% per annum to accrued immediately upon disbursement of funds. Loans shall be forgiven at <b>NORU</b> 's sole discretion, provided no event of default has occurred.	37,500
Residential construction loan (home buyer assistance) mortgages with varying amounts executed from 2016 and expiring on various dates through October 13, 2027.	417,177
Loans to a nonprofit corporation secured by real property. Payment is due upon sale, lease, other transfer of property or the fulfillment of prescribed requirements.	37,800
Credit sales loans which is forgivable based on the accomplishment of defined terms.	<u>33,665</u>
Subtotal	1,178,642
Less: current portion	<u>(71,465)</u>
Total noncurrent	<u>\$1,107,177</u>

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 6 - AMOUNTS RECEIVABLE, NET:

At December 31, 2018 amounts receivable, net is as follows:

Funds due from sale of land, unimproved land and structures from <b>NORU</b> 's inventory	\$ 1,212
Loan to corporation which is currently in default	<u>328,928</u>
Subtotal	<u>330,140</u>
Less: allowance for doubtful accounts	<u>(328,928)</u>
Total	<u>\$ 1,212</u>

NOTE 7 - RISK MANAGEMENT:

**NORU** is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which **NORU** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - CONCENTRATION OF CREDIT RISK:

**NORU** receives primarily all of its revenues from **NORA** as a pass-through the State of Louisiana, and through donations. If the amount of revenues received from **NORA** and others fall below contract levels, **NORU**'s operating results could be adversely affected.

NOTE 9 - CONTINGENCIES:

**NORU** is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **NORU**. These examinations may result in required refunds by **NORU** to agencies and/or program beneficiaries.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 9 - CONTINGENCIES, CONTINUED:

**NORU** in the exercise of due diligence obtained through the Court, a filed judgment on May 25, 2018 in connection with a loan agreement with a developer for the balance of loan funds totaling \$365,864. It is Counsel's opinion at December 31, 2018 and June 10, 2019, that there are no other matters that will have a material effect on the financial condition of **NORU**. Accordingly, no additional provision has been made in the financial statements for that contingency other than as described in NOTE 6.

NOTE 10 - PER DIEM FOR DIRECTORS:

During the year ended December 31, 2018, no board member received per diem in his/her capacity as a Director.

NOTE 11 - REVOLVING LOAN:

Revolving loan at December 31, 2018 of \$1,724,500 represents the balance of funds provided to **NORU** through a memorandum of understanding with **NORA**. The funds are to be used to implement a loan fund pursuant to section 105(a)(15) of the Housing and Community Development Act of 1974 for revolving construction loans to facilitate the construction of residential housing in accordance with policies and procedures and as otherwise approved by **NORU**. See NOTE 5, for additional discussion.

NOTE 12 - RELATED PARTY TRANSACTIONS:

**NORU** paid fees and made various reimbursements for cost incurred on **NORU's** behalf totaling \$179,185 to **NORA** for the year ended December 31, 2018 of which management fees paid was \$13,563.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 12 - RELATED PARTY TRANSACTIONS, CONTINUED:**

**NORU**, during the year ended December 31, 2018, continued to administer Construction Lending Expanded, Construction Lending Extended, Housing Opportunity Zone and Orleans Housing Investment Program with contract awards totaling \$1,770,200 for construction projects on behalf of NORA. At December 31, 2018, the total cumulative amount disbursed, net of repayments results to a total revolving loan balance of \$1,724,500. Further during 2018, NORA funded through the Construction Lending program \$33,665 in a forgivable loan to a nonprofit corporation (see NOTE 5).

**NOTE 13 - AMOUNTS PAYABLE VENDORS:**

At December 31, 2018, amounts payable vendors consisted of outstanding obligations to vendors for services performed totaling \$691,531.

**NOTE 14 - SUBSEQUENT EVENTS:**

**NORU** is required to evaluate events or transactions that may have occurred after the statement of financial position date for potential recognition or disclosure in the financial statements. **NORU** performed such an evaluation through June 10, 2019, the date which financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date that required recognition or disclosure.

**NOTE 15 - PROVISION FOR FORGIVABLE LOANS:**

**NORU** continues to participate with NORA (related party) in several real estate loan transactions resulting in the provision by NORA to the benefit of the respective home buyers forgivable mortgage loans totaling \$417,177 for the year ended December 31, 2018.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 16 - GRANTS:**

A detail of grants earned during the year ended December 31, 2018 is as follows:

<u>Program</u>	<u>Amount</u>
General Fund	\$ 182,596
Construction Lending Expanded	175,539
Construction Lending Extended	331
Housing Opportunity Zone	375,000
Orleans Housing Investment Program	<u>1,043,734</u>
	<u>\$1,777,200</u>

**NOTE 17 - GRANTS RECEIVABLE:**

At December 31, 2018, grants receivable represents funds expended on various programs and pending reimbursement from the state as follows:

<u>Program</u>	<u>Amount</u>
Construction Lending Expanded	\$ 65,964
Construction Lending Extended	199,596
Housing Opportunity Zone	15,000
Orleans Housing Investment Program	<u>666,515</u>
	<u>\$947,075</u>

**NOTE 18 - INVESTMENT:**

At December 31, 2018, investment of \$841,780 consisted of shares in Louisiana Asset Management Pool, Inc.'s (LAMP) investment pool.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for the investment pools.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 18 - INVESTMENT, CONTINUED:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investment in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. NORU's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to the account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER - days) (from LAMP's monthly Portfolio Holdings) as of (DATE - Month-end).

The investment in LAMP at December 31, 2018 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors  
**New Orleans Redevelopment Unlimited, Inc.**  
New Orleans, Louisiana

**Other Matters**

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

We have audited the financial statements of **New Orleans Redevelopment Unlimited (NORU)** as of and for the year ended December 31, 2018, and have issued our report dated June 10, 2019, which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I 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. Such 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 accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**Other Matters, Continued**

*Supplementary Other Information*

The supplementary information comprised of the Schedule of Compensation Benefits and Other Payments to Executive Director (Schedule II), Combining Statements of Financial Position, Activities and Functional Expenses (Exhibits A, B and C) is presented for the purpose 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 basic financial statements. Also, 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 accompanying supplementary information (Schedule II, Exhibits A, B and C ) is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019

**SCHEDULE I**

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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<u>Program Grantor/Title</u>	<u>CFDA</u>	<u>Federal Expenditures</u>
PROGRAM FUNDED BY THE U.S. DEPARTMENT OF HOUSING <u>AND URBAN DEVELOPMENT</u>		
Pass-Through New Orleans Redevelopment Authority as Subgrantee of the State of Louisiana and the City of New Orleans (Office of Community Development):		
Construction Lending	14.228	\$ 182,596
Construction Lending Expanded	14.228	175,539
Construction Lending Extended	14.228	331
Housing Opportunity Zone	14.228	375,000
Orleans Housing Investment Program	14.228	<u>1,043,734</u>
Total U.S. Department of Housing and Urban Development		<u>\$1,777,200</u>

NOTE: Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes all Federal activity of NORU and is presented on a modified accrual basis of accounting. The information on this schedule is presented in accordance with other requirements of the *Uniform Guidance*.

NOTE: NORU has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE II**

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO EXECUTIVE DIRECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Executive Directors Name: Mrs. Brenda M. Breaux**

PURPOSE

AMOUNT

NONE

NOTE: **New Orleans Redevelopment Unlimited, (NORU)** does not have any paid employees. **NORU** is managed by the Executive Director of New Orleans Redevelopment Authority. **NORU** is assessed a management fee by New Orleans Redevelopment Authority for services provided. A schedule of New Orleans Redevelopment Authority's Executive Director's "Compensation, Benefits and Other Payments" is included in New Orleans Redevelopment Authority's annual audit for fiscal year ended December 31, 2018.

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT UNLIMITED  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

	<u>ASSETS</u>						
	<u>General Fund Unrestricted</u>	<u>JP Morgan</u>	<u>Construction Lending Expanded</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Orleans Housing Investment Program</u>	<u>Totals (Memorandum Only)</u>
Current Assets:							
Cash	\$ 254,388	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 254,388
Current portion of loans receivable, net	71,465	-0-	-0-	-0-	-0-	-0-	71,465
Prepaid items and other assets	465	-0-	-0-	-0-	-0-	-0-	465
Amounts receivable, net	1,212	-0-	-0-	-0-	-0-	-0-	1,212
Grants receivable	-0-	-0-	65,964	199,596	15,000	666,515	947,075
Accrued interest receivable	-0-	-0-	-0-	476	-0-	-0-	476
Due from primary government Investment	30,530	100,000	33,039	260,583	-0-	65,673	489,825
	<u>841,780</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>841,780</u>
Total current assets	<u>1,199,840</u>	<u>100,000</u>	<u>99,003</u>	<u>460,655</u>	<u>15,000</u>	<u>732,188</u>	<u>2,606,686</u>
Noncurrent Assets:							
Loans receivable, net	<u>1,107,177</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,107,177</u>
Total noncurrent assets	<u>1,107,177</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,107,177</u>
Total assets	<u>\$2,307,017</u>	<u>\$100,000</u>	<u>\$99,003</u>	<u>\$460,655</u>	<u>\$15,000</u>	<u>\$732,188</u>	<u>\$3,713,863</u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED**  
STATEMENT OF FINANCIAL POSITION, CONTINUED  
DECEMBER 31, 2018

**LIABILITIES AND NET ASSETS**

	<u>General Fund</u> <u>Unrestricted</u>	<u>JP Morgan</u>	<u>Construction</u> <u>Lending</u> <u>Expanded</u>	<u>Construction</u> <u>Lending</u> <u>Extended</u>	<u>Housing</u> <u>Opportunity</u> <u>Zone</u>	<u>Orleans</u> <u>Housing</u> <u>Investment</u> <u>Program</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<b>Current Liabilities:</b>							
Salaries and related payroll taxes payable	\$ -0-	\$ -0-	\$ 2,341	\$ -0-	\$ -0-	\$ 4,889	\$ 7,230
Amounts payable - vendors	2,142	-0-	7,608	-0-	15,000	666,781	691,531
Current portion of unearned charges	71,465	-0-	-0-	-0-	-0-	-0-	71,465
Due to primary government	<u>-0-</u>	<u>-0-</u>	<u>89,054</u>	<u>460,655</u>	<u>-0-</u>	<u>60,518</u>	<u>610,227</u>
Total current liabilities	<u>73,607</u>	<u>-0-</u>	<u>99,003</u>	<u>460,655</u>	<u>15,000</u>	<u>732,188</u>	<u>1,380,453</u>
<b>Noncurrent Liabilities:</b>							
Revolving loans	1,724,500	-0-	-0-	-0-	-0-	-0-	1,724,500
Unearned charges	<u>417,177</u>	<u>100,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>517,177</u>
Total noncurrent liabilities	<u>2,141,677</u>	<u>100,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,241,677</u>
Total liabilities	<u>2,215,284</u>	<u>100,000</u>	<u>99,003</u>	<u>460,655</u>	<u>15,000</u>	<u>732,188</u>	<u>3,622,130</u>
<b>Net Assets:</b>							
Without donor restrictions	<u>91,733</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>91,733</u>
Total net assets	<u>91,733</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>91,733</u>
Total liabilities and net assets	<u>\$2,307,017</u>	<u>\$100,000</u>	<u>\$99,003</u>	<u>\$460,655</u>	<u>\$15,000</u>	<u>\$732,188</u>	<u>\$3,713,863</u>

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund Unrestricted</u>	<u>JP Morgan</u>	<u>Construction Lending Expanded</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Orleans Housing Investment Program</u>	<u>Totals (Memorandum Only)</u>
Operating Activities:							
Grants	\$182,596	\$ -0-	\$175,539	\$ 331	\$375,000	\$1,043,734	\$1,777,200
Total operating revenues	<u>182,596</u>	<u>-0-</u>	<u>175,539</u>	<u>331</u>	<u>375,000</u>	<u>1,043,734</u>	<u>1,777,200</u>
Expenses:							
Program services	160,625	-0-	175,539	-0-	375,000	1,036,926	1,748,090
Supporting services	<u>21,971</u>	<u>-0-</u>	<u>-0-</u>	<u>331</u>	<u>-0-</u>	<u>6,808</u>	<u>29,110</u>
Total expenses	<u>182,596</u>	<u>-0-</u>	<u>175,539</u>	<u>331</u>	<u>375,000</u>	<u>1,043,734</u>	<u>1,777,200</u>
Change in net assets from operating activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Nonoperating Activities:							
Interest income	20,032	-0-	-0-	-0-	-0-	-0-	20,032
Forfeitures and other	<u>16,553</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>16,553</u>
Total nonoperating activities	<u>36,585</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>36,585</u>
Change in net assets from nonoperating activities	<u>36,585</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>36,585</u>
Change in net assets from operating and nonoperating activities	36,585	-0-	-0-	-0-	-0-	-0-	36,585
Net assets, beginning	<u>55,148</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>55,148</u>
Net assets, ending	<u>\$ 91,733</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 91,733</u>

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

**EXHIBIT C**

**NEW ORLEANS REDEVELOPMENT UNLIMITED  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund Unrestricted		JP Morgan		Construction Lending Expanded		Construction Lending Extended		Housing Opportunity Zone		Orleans Housing Investment Program		Totals (Memorandum Only)	
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services
Personnel salaries and wages	\$ 5,752	\$ -0-	\$-0-	\$-0-	\$ 25,345	\$-0-	\$-0-	\$261	\$ -0-	\$-0-	\$ 76,449	\$5,501	\$ 107,546	\$ 5,762
Personnel services employee benefits	1,898	-0-	-0-	-0-	5,920	-0-	-0-	56	-0-	-0-	18,091	947	25,909	1,003
Purchased professional and technical services	8,580	16,327	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,580	16,327
Purchased property services	389	3,745	-0-	-0-	1,348	-0-	-0-	10	-0-	-0-	4,491	360	6,228	4,115
Insurance	5	1,896	-0-	-0-	326	-0-	-0-	3	-0-	-0-	701	-0-	1,032	1,899
Other purchased services	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1	-0-	-0-	492	-0-	492	1
Property	1	3	-0-	-0-	100	-0-	-0-	-0-	-0-	-0-	187	-0-	288	3
Programs	<u>144,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>142,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>375,000</u>	<u>-0-</u>	<u>936,515</u>	<u>-0-</u>	<u>1,598,015</u>	<u>-0-</u>
<b>Total expenses</b>	<b><u>\$160,625</u></b>	<b><u>\$21,971</u></b>	<b><u>\$-0-</u></b>	<b><u>\$-0-</u></b>	<b><u>\$175,539</u></b>	<b><u>\$-0-</u></b>	<b><u>\$-0-</u></b>	<b><u>\$331</u></b>	<b><u>\$375,000</u></b>	<b><u>\$-0-</u></b>	<b><u>\$1,036,926</u></b>	<b><u>\$6,808</u></b>	<b><u>\$1,748,090</u></b>	<b><u>\$29,110</u></b>

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

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

To the Board of Directors  
**New Orleans Redevelopment Unlimited, 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 of America, the financial statements of **New Orleans Redevelopment Unlimited, Inc. (NORU)** which comprise the statement of financial position, as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 10, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **NORU's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **NORU's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **NORU's** internal control over financial reporting.

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  
(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

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

*A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.*

*A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of NORU's financial statements will not be prevented, or detected and corrected in a timely basis.*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NORU'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 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 that are required to be reported under *Government Auditing Standards*.

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  
(CONTINUED)

**Purpose of this Report**

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Commissioners  
**New Orleans Redevelopment Unlimited**  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited **New Orleans Redevelopment Unlimited's (NORU's)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of **NORU's** major federal programs for the year ended December 31, 2018. **NORU's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*  
(CONTINUED)

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of NORU's major federal programs based on our audit of the types of compliance requirements previously described. 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 of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *the Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NORU's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, NORU 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, 2018.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*  
(CONTINUED)

**Report on Internal Control Over Compliance**

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

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

*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 significant deficiency* in internal control over compliance is a deficiency or a combination of deficiencies, in internal control 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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)

**Report on Internal Control Over Compliance, Continued**

*A material weakness* in internal control over compliance 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 in a timely basis.

**Purpose of this Report**

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Section I - Summary of Auditors' 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 *the Uniform Guidance*? No

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant (Housing Opportunity Zone and Orleans Housing Investment Program)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Section II - Financial Statement Findings and Questioned Costs**

No financial statement findings and questioned costs were reported for the year ended December 31, 2018.

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings were reported for the year ended December 31, 2018.

**Section IV - Status of Prior Year's Findings and Questioned Costs**

No prior year findings were reported for the year ended December 31, 2018.

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**

**EXIT CONFERENCE**

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Exit conferences were held with representatives of **NORU**. The contents of this report were discussed and management indicated their concurrence in all material respects. The following were in attendance and/or participated in various discussions:

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.**

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Mr. Wayne Woods	-- Board President
*Ms. Brenda M. Breaux	-- Executive Director
Mr. Derrick Muse	-- Chief Financial Officer

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

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Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA -- Partner

\*Ms. Brenda M. Breaux has primary responsibility for the responses and action plans in connection with all findings listed in this report.



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

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Ms. Brenda Breaux, Executive Director  
**New Orleans Redevelopment Unlimited, Inc.**  
New Orleans, Louisiana

Management of **New Orleans Redevelopment Unlimited, Inc. (NORU)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **NORU**, as of and for the year ended December 31, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered **NORU's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **NORU's** internal control. Accordingly, we do not express an opinion on the effectiveness of **NORU's** internal control.

As a part of our audit, we noted a certain other matter that are opportunities for strengthening internal control and operating efficiency. We previously reported on **NORU's** internal control in our report dated June 10, 2019. This letter does not affect our report dated June 10, 2019 on the financial statements or internal control of **NORU**.

We will review the status of this other matter during our next audit engagement. We have already discussed this other matter with **NORU's** management, and will be pleased to discuss this other matter in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters*

**2018**

Our discussion of current year's other matters follows:

**Reference Number**

OM 2018-001

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

**Condition**

Based on our review of the current cooperative endeavor agreement between the City of New Orleans and the New Orleans Redevelopment Authority for "IT" Services, we were unable to determine if the "Enterprise Security" section of the referenced agreement and the Logos.Net (formerly New World System) network system used by NORU specifically, addresses access, transactional and general controls to include periodic access updates as a matter of policy.

It is our understanding through discussion with management that the referenced system has features for implementation of said controls.

**Questioned Costs**

None.

**Context**

Total operating and nonoperating revenues and expenses for the year ended December 31, 2018 were \$1,813,785 and \$1,777,200.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters, Continued*

**2018**

**Reference Number, Continued**

OM 2018-001

**Cause**

No clearly defined written process.

**Effect or Potential Effect**

Potential for unauthorized access.

**Recommendation**

Management should revisit with the referenced condition as a part of its risk assessment.

**Management's Response and Planned Corrective Action**

Management will develop policies and procedures to address access, transactional and general controls common to all financial accounting systems. Access is currently restricted to the minimum required for the user to perform their job function. In addition, access rights will be periodically reviewed and approved by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters, Continued*

**2018**

**Reference Number**

OM 2018-002

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

**Condition**

The statewide agreed-upon procedures for the fiscal year ending June 30, 2019 through May 31, 2020 approved and published by the Legislative Auditor, dictates a policy and a procedure for disaster recovery and business continuity.

**Questioned Costs**

None.

**Context**

Total operating and non-operating revenues and expenses for the year ended December 31, 2018 were \$1,813,785 and \$1,777,200.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters, Continued*

**2018**

**Reference Number, Continued**

OM 2018-002

**Cause**

None.

**Effect or Potential Effect**

Lack of a defined written policy and strategy regarding disaster recovery and business continuity.

**Recommendation**

Management should review its current disaster recovery and business continuity process to ensure alignment with the processes, systems, verification, etc. discussed in the referenced procedure.

**Management's Response and Planned Corrective Action**

Management will review its current Disaster Recovery and Business Continuity Plan which identifies personnel, processes and tools needed to recover operations after a critical event. In addition, Management will revise the Plan to identify critical data and frequency of backups; storage of backups in a separate physical location isolated from the network; periodic testing and/or verification that backups can be restored; and use of anti-virus software on all systems.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters*

2017

Our discussion of the status of prior year's other matters follows:

**Reference Number**

OM 2017-001

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

**Condition**

Based on our review of Exhibit A of the cooperative endeavor agreement between the City of New Orleans and the New Orleans Redevelopment Authority for "IT" Services, we were unable to determine if the "Enterprise Security" section of the referenced agreement and the Logos.Net (formerly New World System) network system used by NORU specifically, addresses access, transactional and general controls to include periodic access updates as a matter of policy.

It is our understanding through discussion with management that the referenced system has features for implementation of said controls.

**Questioned Costs**

None.

**Context**

Total operating and non-operating revenues and expenses for the year ended December 31, 2017 were \$1,318,981 and \$2,269,515.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters, Continued*

2017

**Reference Number, Continued**

OM 2017-001

**Cause**

No clearly defined written process.

**Effect or Potential Effect**

Potential for unauthorized access.

**Recommendation**

Management should review as a part of its risk assessment.

**Current Status**

Unresolved. See current year's finding reference number OM 2018-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters, Continued*

2017

**Reference Number**

OM 2017-002

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

**Condition**

Our review of one (1) vendor for compliance with the requirements for debarment and suspension resulted in our inability to verify documented evidence of verification through the "SAM" website in compliance with NORU's policy.

The referenced contract was "piggy-backed" using a procured contract dated October 3, 2011 by NORA. Further, we noted that a "SAM's search was performed on January 10, 2017 for the contract executed by the vendor on January 9, 2017.

**Questioned Costs**

None.

**Context**

Total expenses incurred for the year ended December 31, 2017 were \$2,269,515.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Prior Year's Other Matters, Continued*

2017

**Reference Number, Continued**

OM 2017-002

**Effect or Potential Effect**

Noncompliance with the requirements of 21 CFR regarding procurement, debarment and suspension.

**Cause**

Lack of an adequate oversight to ensure consistency in application of the requirements of 21 CFR regarding procurement, debarment and suspension.

**Recommendation**

Management should consider the use of periodic sampling to ensure compliance with its policy and procedure regarding procurement, debarment and suspension of vendors prior to a contractual relationship.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters, Continued*

2017

**Reference Number**

OM 2017-003

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

**Condition**

In one (1) instance of three (3) selected cash collections for testing, we noted a variance between the receipt date (dated August 30, 2017, and the general ledger posted date August 25, 2017). Also, our review revealed the untimely deposit of the collected funds with NORU policy of within three (3) days.

**Questioned Costs**

None.

**Context**

Total expenses incurred for the year ended December 31, 2017 were \$2,269,515.

**Effect or Potential Effect**

The potential effect of the referenced condition includes incomplete financial statements from which management and the board will rely on to make informed decisions.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters, Continued*

2017

**Reference Number, Continued**

OM 2017-003

**Cause**

Lack of a written defined policy regarding the dating of transactions.

**Recommendation**

Management of NORU should continue the risk assessment of its operations aimed at the re-design, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

NORU's response to the other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action". We did not audit NORU's response and, accordingly, we express no opinion on it.

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As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

This report is intended solely for the information and use of management, the Board of Directors and is not intended to be and should be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019

**NEW ORLEANS REDEVELOPMENT UNLIMITED**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

---

To the Board of Directors  
**New Orleans Redevelopment Unlimited**  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by **New Orleans Redevelopment Unlimited (NORU)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the year ended December 31, 2018. **NORU's** management is responsible for those compliance and control areas identified in the SAUP.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

The procedures and related findings to the SAUP are as follows:

**Written Policies and Procedures**

**1. Procedures**

We obtained and inspected **New Orleans Redevelopment Unlimited (NORU's)** written policies and procedures and observed that they addressed each of the following categories and subcategories:

- a) *Budgeting* including preparing, adopting, monitoring, and amending the budget.

Finding

**NORU's board at its December 19, 2018 meeting adopted varying Finance and Compliance Policies and Procedures to address the referenced procedure.**

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; (5) documentation required to be maintained for all bids and price quotes.

Finding

**NORU's board at its December 19, 2018 meeting adopted varying Procurement Policies and Procedures to address the referenced procedure.**

- c) *Disbursements*, including processing, reviewing, and approving.

Finding

**NORU's board at its December 19, 2018 meeting adopted varying Finance, Compliance and Procurement Policies and Procedures to address the referenced procedure.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Written Policies and Procedures, Continued**

**1. Procedures, Continued**

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

**Finding**

**NORU's board at its December 19, 2018 meeting adopted varying Finance and Compliance Policies and Procedures to address the referenced procedure.**

**Collections**

**2. Procedures**

We obtained a listing of deposit sites for year ended December 31, 2018 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We selected NORU's only deposit site.

**Finding**

**No exceptions noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Written Policies and Procedures, Continued**

**Collections, Continued**

**3. Procedures**

For the deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We selected the only collection location for the selected deposit site, obtained and inspected written policies and procedures related to employee job duties at the selected collection location, and observed that job duties are properly segregated at the collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

**Finding**

**No exceptions noted.**

- b) Each employee responsible for cash collection is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling location documentation (e.g. pre-numbered receipts) to the deposit.

**Finding**

**No exceptions noted.**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger posting to each other and to the deposit.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Written Policies and Procedures, Continued*

*Collections, Continued*

**3. Procedures, Continued**

Finding

**No exceptions noted.**

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding

**No exceptions noted.**

**4. Procedures**

We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding

**No exceptions noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Written Policies and Procedures, Continued*

*Collections, Continued*

**5. Procedures**

We obtained a listing of NORU's bank accounts for the year ended December 31, 2018 from management and management's representation that the listing is complete. We asked management to identify NORU's main operating account. Selected NORU's only operating bank account.

We randomly selected two deposit dates for the only selected bank account. We obtained supporting documentation for each of the selected deposits and:

- a) We observed that receipts are sequentially pre-numbered.

Finding

**No exceptions noted.**

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding

**No exceptions noted.**

- c) Traced the deposit slip total to the actual deposit per the bank statement.

Finding

**No exceptions noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Written Policies and Procedures, Continued*

*Collections, Continued*

**5. Procedures, Continued**

- d) We observed that the deposit was made within one business day of receipt at the collection location.

Finding

**No exceptions noted.**

**Deposits are made within NORU's established policy.**

- e) Traced the actual deposit per the bank statement to the general ledger.

Finding

**No exceptions noted.**

*Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)*

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**6. Procedures**

We obtained a listing of locations that process payments for the year ended December 31, 2018 and management's representation that the listing is complete. We selected NORU's only process payment location.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements,  
and petty cash purchases), Continued***

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**7. Procedures**

For NORU's payment location selected under #6, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:

- a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**Finding**

**No exceptions noted.**

- b) At least two (2) employees are involved in processing and approving payments to vendors.

**Finding**

**No exceptions noted.**

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**Finding**

**No exceptions noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases), Continued*

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**7. Procedures, Continued**

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Finding

**No exceptions noted.**

**8. Procedures**

For the location selected under #7, we obtained NORU's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five (5) disbursements for the location, and obtained supporting documentation for each transaction and:

- a) We observed that the disbursement matched the related original invoice/billing statement.

Finding

**No exceptions noted.**

- b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7 as applicable.

Finding

**No exceptions noted.**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

\*\*\*\*\*

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the SAUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those compliance and control areas identified in the SAUP, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report 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.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 10, 2019