

**RENAISSANCE NEIGHBORHOOD
DEVELOPMENT CORPORATION**

Audit of the Schedule of Expenditure of Federal Awards

June 30, 2016



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Independent Auditor's Report

To the Board of Directors
Renaissance Neighborhood Development Corporation

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards for the Community Development Block Grant (CDBG Program) of Renaissance Neighborhood Development Corporation (RNDC) for the year ended June 30, 2016, and the related notes (the financial statement).

Management's Responsibility for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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 the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards for the CDBG Program of RNDC for the year ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
November 20, 2017

Independent Auditor's Report on Compliance for a Federal Program and Report on Internal Control Over Compliance

To the Board of Directors
Renaissance Neighborhood Development Corporation

Report on Compliance for the Community Development Block Grant

We have audited Renaissance Neighborhood Development Corporation's (RNDC) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its Community Development Block Grant (CDBG Program) for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to RNDC's federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for RNDC's CDBG Program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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 the CDBG Program occurred. An audit includes examining, on a test basis, evidence about RNDC'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 RNDC's CDBG Program. However our audit does not provide a legal determination of RNDC's compliance.

Opinion on Compliance for the CDBG Program

In our opinion, RNDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its CDBG Program for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on RNDC's CDBG Program is not modified with respect to this matter.

RNDC's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. RNDC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of RNDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RNDC's internal control over compliance with the types of requirements that could have a direct and material effect on its CDBG Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its CDBG 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 RNDC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

RNDC's response to the internal control over the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. RNDC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA

November 20, 2017

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<u>Passed-Through Awards</u>		
State of Louisiana Office of Community Development Community Development Block Grant Loan	14.228	\$ 2,382,735
Total U.S. Department of Housing and Urban Development		\$ 2,382,735
Total Expenditures of Federal Awards		\$ 2,382,735

See accompanying notes to schedule of expenditures of federal awards.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Renaissance Neighborhood Development Corporation (RNDC) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of RNDC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RNDC.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting and the cost accounting principles contained in Title 2 *Code of Federal Regulations* Part 200. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures for loan disbursements are recognized when paid.

Note 3. Sub-Recipients

There were no payments to sub-recipients for the fiscal year ended June 30, 2016.

Note 4. Loan Balance

In accordance with 2 CFR 200.502, the loan balance reported on the schedule of expenditures of federal awards represents the loan balance at the beginning of the year. As of June 30, 2016, the outstanding balance of this loan program is \$2,264,635.

Note 5. Indirect Cost Rate

RNDC did not apply indirect costs to this program.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Not Applicable

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes
- Significant deficiencies identified not considered to be material weaknesses? None Reported

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

Audit findings disclosed that are required in accordance with 2 CFR section 200.516(a)? Yes

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grant Loan

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

Auditee qualified as a low-risk auditee? No

Section II - Findings - Financial Statement Audit

Not Applicable

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

Section III - Findings and Questioned Costs - Major Federal Award Program Audit

2016-001 CDBG (CFDA 14.228)

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, requires RNDC to submit its single audit reporting package to the federal clearinghouse no later than nine months after fiscal year-end.

Condition: The federal reporting deadline for RNDC's single audit reporting package was March 31, 2017; however, RNDC did not issue its single audit reporting package by the required deadline.

Effect: RNDC was not in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200.

Cause: RNDC's management was not aware of the reporting requirements. This contributed to the late submission of its single audit reporting package.

Recommendation: We recommend RNDC's management implement a process and internal controls to ensure submission of its single audit reporting package to the federal clearinghouse by the reporting deadline.

Auditee Response: RNDC was not aware of the reporting requirement related to our federal award. We have since made appropriate communication with whom we are to report to ensure timely reporting going forward and ensuring we are in compliance.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Summary Schedule of Prior Audit Findings

Federal Award Findings and Questioned Costs

2015-001 CDBG (CFDA 14.228)

Condition: The federal reporting deadline for RNDC's single audit reporting package was March 31, 2016; however, RNDC did not issue its single audit reporting package by the required deadline.

Status: Not Resolved. See finding 2016-001.