

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019, 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, 2019, 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 September 30, 2020 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

September 30, 2020

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current assets:	
Cash (NOTE 3)	\$ 141,058
Current portion of loans receivable (NOTES 5, 11 and 15)	637,268
Prepaid items and other assets	465
Amounts receivable, net (NOTES 6 and 9)	1,212
Grants receivable (NOTE 17)	786,535
Investment (NOTE 18)	<u>1,637,705</u>
Total current assets	<u>3,204,243</u>
Noncurrent assets:	
Loans receivable, net (NOTES 5, 11 and 15)	<u>1,094,174</u>
Total noncurrent assets	<u>1,094,174</u>
Total assets	<u>\$4,298,417</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Salaries and related taxes payable	\$ 9,159
Amounts payable vendors	344,670
Current portion of unearned charges (NOTE 5)	637,268
Due to primary government, net	<u>319,970</u>
Total current liabilities	<u>1,311,067</u>
Noncurrent liabilities:	
Revolving loan (NOTES 5 and 11)	2,545,320
Unearned charges (NOTE 15)	263,416
Unearned revenues	<u>65,725</u>
Total noncurrent liabilities	<u>2,874,461</u>
Total liabilities	<u>4,185,528</u>
CONTINGENCIES (NOTE 9)	
Net assets:	
Without donor restrictions	<u>112,889</u>
Total net assets	<u>112,889</u>
Total liabilities and net assets	<u>\$4,298,417</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, 2019

Operating Activities:	
Grants (NOTE 16)	<u>\$1,614,180</u>
Total operating income	<u>1,614,180</u>
Expenses:	
Program services	1,614,180
Supporting services	<u>25,517</u>
Total expenses	<u>1,639,697</u>
Change in net assets from operating activities	(25,517)
Non-operating Activities	
Interest income	40,201
Forfeitures and other	<u>6,472</u>
Total non-operating income	<u>46,673</u>
Change in net assets from non-operating activities	<u>46,673</u>
Change in net assets from operating and non-operating activities	21,156
Net assets, beginning of year	<u>91,733</u>
Net assets, end of year	<u>\$ 112,889</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, 2019

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Personnel salaries and wages	\$ 182,335	\$ -0-	\$ 182,335
Personnel services employee benefits	40,794	-0-	40,794
Purchased professional and technical services	13,710	17,497	31,207
Purchased property services	3,474	6,128	9,602
Insurance	3,132	1,859	4,991
Other purchased services	4,313	33	4,346
Property	437	-0-	437
Program	<u>1,365,985</u>	<u>-0-</u>	<u>1,365,985</u>
Total	<u>\$1,614,180</u>	<u>\$25,517</u>	<u>\$1,639,697</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, 2019

Cash Flows From Operating Activities:	
Change in net assets	\$ 21,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in amounts payable vendors	(346,862)
Increase in interfund	199,569
Increase in salaries and related taxes payable	1,929
Decrease in grants receivable	160,543
Decrease in accrued interest receivable	<u>473</u>
Net cash provided by operating activities	<u>36,808</u>
Cash Flows From Investing Activities:	
Disbursements of loans	(552,800)
Purchase of investments	<u>(795,925)</u>
Cash used in investing activities	<u>(1,348,725)</u>
Cash Flows From Financing Activities:	
Collection on revolving loans	820,820
Grants and unearned charges	<u>377,767</u>
Cash provided by financing activities	<u>1,198,587</u>
Net decrease in cash	(113,330)
Cash, beginning of year	<u>254,388</u>
Cash, end of year	\$ <u><u>141,058</u></u>
Interest paid	\$ <u><u>-0-</u></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, 2019, **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 (NORA).

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

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

The grant provided by JP Morgan Chase Foundation 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

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

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, 2019, **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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Financial Statement Presentation, Continued

Further, update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, established standards for external financial reporting by not-for-profit organizations. The standard main provisions require:

- presentation on the face of the statement of activities the amount of the change in each of the two classes of net assets;
- continued to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting; and
- included enhanced disclosures of board designations etc. affecting resources used without donor restrictions and the composition of donor restrictions and its affect on use of resources.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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.

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

NOTE 3 - CASH:

At December 31, 2019 the carrying amount of **NORU**'s deposits was \$141,058 and the collected bank balance was \$141,058. The cumulative collected bank balance at December 31, 2019 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	\$ 141,058
Investments	1,637,705
Grants receivable	786,535
Amounts receivable, net	<u>1,212</u>
	<u>\$2,566,510</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

NOTE 5 - LOANS RECEIVABLE, NET:

At December 31, 2019, loans receivable, net consisted of the following:

NON-FORGIVABLE LOANS

Jericho Road Episcopal

Loan, secured by residential property, to a corporation at a rate of 2.00% per annum; payment of principal plus interest due in 36 equal monthly installments to begin 6 months after Certificate of Occupancy (COA) \$ 118,015

Armstrong Construction

Loan, secured by residential property, to a corporation at a rate of 2.00% per annum; entire unpaid principal plus interest due on the 3rd anniversary of the 1st day of the month following the completion of the last unit in each phase 45,000

NewCorp, Inc.

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of principal plus interest due in 36 equal monthly installments to begin 6 months after COA 30,000

SBP, Inc.

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of principal plus interest due in 36 equal monthly installments to begin 6 months after COA 50,000

Habitat for Humanity

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of principal plus interest due in 36 equal monthly installments to begin 6 months after COA 50,000

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

NOTE 5 - LOANS RECEIVABLE, NET, CONTINUED:

NON-FORGIVABLE LOANS, CONTINUED

Iris East Homes

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of principal plus interest due in 36 equal monthly installments to begin 6 months after COA \$ 147,268

Residential construction loan (home buyer assistance) mortgage with varying amounts executed starting in 2016 and thereafter, and expiring on various dates through November 19, 2029 829,219

Credit sale loans which are forgivable based on the accomplishment of defined terms 33,665

Non-forgivable loans 1,303,167

FORGIVABLE LOANS

Jericho Road Episcopal

Loan, secured by residential property, to a corporation at a rate of 2.00% per annum; loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred 50,000

Armstrong Construction

Loan, secured by residential property, to a corporation at a rate of 2.00% per annum; loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred 30,000

NewCorp, Inc.

Loan, secured by residential property, to a corporation at a rate of 2.00% per annum; loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred 70,000

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

NOTE 5 - LOANS RECEIVABLE, NET, CONTINUED:

FORGIVABLE LOANS, CONTINUED

SBP, Inc.

Loan, secured by residential property, to a corporation at a rate of 2.50% loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred \$ 50,000

Habitat for Humanity

Loan, secured by residential property, to a corporation at a rate of 2.50% loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred 40,000

Iris East Homes

Loan, secured by residential property, to a corporation at a rate of 2.50% loan shall be forgiven at NORU's sole discretion, provided no event of default has occurred 150,000

Loans to a non-profit corporation secured by real property. Payment is due upon sale, lease other transfer of property or the fulfillment of prescribed requirements 37,800

Forgivable loans 427,800

Other 475

Total loans 1,731,442

Less: current portion (637,268)

Total noncurrent loans \$1,094,174

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

NOTE 6 - AMOUNTS RECEIVABLE, NET:

At December 31, 2019 amounts receivable, net is as follows:

Funds due from sale of land, unimproved land and structures from NORU '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

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, 2019 and September 30, 2020, 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, 2019, no board member received per diem in his/her capacity as a Director.

NOTE 11 - REVOLVING LOAN:

Revolving loan at December 31, 2019 of \$2,545,320 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 \$273,712 to NORA for the year ended December 31, 2019 of which management fees paid was \$15,164.

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

NOTE 12 - RELATED PARTY TRANSACTIONS, CONTINUED:

NORU, during the year ended December 31, 2019, continued to administer Construction Lending Expanded, Construction Lending Expanded, Housing Opportunity Zone and Orleans Housing Investment Program with contract awards totaling \$1,579,905 for construction projects on behalf of NORA. At December 31, 2019, the total cumulative amount disbursed, net of repayments results to a total revolving loan balance of \$2,545,320. Further, NORA has funded through the Construction Lending program \$33,665 in a forgivable loan to a nonprofit corporation (see NOTE 5).

NOTE 13 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. At September 30, 2020 management of **NORU** continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives, guidelines and various executive orders mandated by the Governor of the State of Louisiana and the Mayor for the City of New Orleans.

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 September 30, 2020, 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 from inception to date the provision by NORA to the benefit of the respective home buyers forgivable mortgage loans totaling \$427,800 at ended December 31, 2019.

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

NOTE 16 - GRANTS:

A detail of grants earned during the year ended December 31, 2019 is as follows:

<u>Program</u>	<u>Amount</u>
J P Morgan	\$ 34,275
Construction Lending Expanded	197,151
Housing Opportunity Zone	4,380
Orleans Housing Investment Program	<u>1,378,374</u>
	<u>\$1,614,180</u>

NOTE 17 - GRANTS RECEIVABLE:

At December 31, 2019, 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	\$155,100
Construction Lending Extended	221,782
Housing Opportunity Zone	4,380
Orleans Housing Investment Program	<u>405,273</u>
	<u>\$786,535</u>

NOTE 18 - INVESTMENT:

At December 31, 2019, investment of \$1,637,705 consisted of shares in Louisiana Asset Management Pool, Inc.'s (LAMP) investment pool.

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

NOTE 18 - INVESTMENT, CONTINUED:

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.

- 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, 2019 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



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Society of Louisiana
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Alcide J. Tervalon, Jr., CPA
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Joseph A. Akanji, CPA

**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, 2019, and have issued our report dated September 30, 2020, 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

September 30, 2020

SCHEDULE I

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Program Grantor/Title</u>	<u>CFDA</u>	<u>Federal Expenditures</u>
<u>PROGRAM FUNDED BY THE U.S. DEPARTMENT OF HOUSING 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 Expanded	14.228	\$ 197,151
Housing Opportunity Zone	14.228	4,380
Orleans Housing Investment Program	14.228	<u>1,378,374</u>
Total U.S. Department of Housing and Urban Development		<u>\$1,579,905</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, 2019**

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, 2019.

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT UNLIMITED
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	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>
Current Assets:							
Cash	\$ 141,058	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 141,058
Current portion of loans receivable, net	637,268	-0-	-0-	-0-	-0-	-0-	637,268
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-	155,100	221,782	4,380	405,273	786,535
Due from primary government	47,109	67,578	6,334	177,750	-0-	-0-	298,771
Investment	<u>1,637,705</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,637,705</u>
Total current assets	<u>2,464,817</u>	<u>67,578</u>	<u>161,434</u>	<u>399,532</u>	<u>4,380</u>	<u>405,273</u>	<u>3,503,014</u>
Noncurrent Assets:							
Loans receivable, net	<u>1,094,174</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,094,174</u>
Total noncurrent assets	<u>1,094,174</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,094,174</u>
Total assets	<u>\$3,558,991</u>	<u>\$ 67,578</u>	<u>\$161,434</u>	<u>\$399,532</u>	<u>\$ 4,380</u>	<u>\$405,273</u>	<u>\$4,597,188</u>

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

NEW ORLEANS REDEVELOPMENT UNLIMITED
COMBINING STATEMENT OF FINANCIAL POSITION, CONTINUED
DECEMBER 31, 2019

LIABILITIES AND NET ASSETS

	General Fund <u>Unrestricted</u>	<u>JP Morgan</u>	Construction Lending <u>Expanded</u>	Construction Lending <u>Extended</u>	Housing Opportunity <u>Zone</u>	Orleans Housing Investment <u>Program</u>	Totals (Memorandum Only)
Current Liabilities:							
Salaries and related payroll taxes payable	\$ -0-	\$ 1,695	\$ 2,115	\$ -0-	\$ -0-	\$ 5,349	\$ 9,159
Amounts payable - vendors	98	158	42,063	22,187	-0-	280,164	344,670
Due to primary government	<u>-0-</u>	<u>-0-</u>	<u>117,256</u>	<u>377,345</u>	<u>4,380</u>	<u>119,760</u>	<u>618,741</u>
Total current liabilities	<u>98</u>	<u>1,853</u>	<u>161,434</u>	<u>399,532</u>	<u>4,380</u>	<u>405,273</u>	<u>972,570</u>
Noncurrent Liabilities:							
Revolving loans	2,545,320	-0-	-0-	-0-	-0-	-0-	2,545,320
Unearned charges	<u>900,684</u>	<u>65,725</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>966,409</u>
Total noncurrent liabilities	<u>3,446,004</u>	<u>65,725</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,511,729</u>
Total liabilities	<u>3,446,102</u>	<u>67,578</u>	<u>161,434</u>	<u>399,532</u>	<u>4,380</u>	<u>405,273</u>	<u>4,484,299</u>
Net Assets:							
Without donor restrictions	<u>112,889</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>112,889</u>
Total net assets	<u>112,889</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>112,889</u>
Total liabilities and net assets	<u>\$3,558,991</u>	<u>\$ 67,578</u>	<u>\$161,434</u>	<u>\$399,532</u>	<u>\$4,380</u>	<u>\$405,273</u>	<u>\$4,597,188</u>

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

EXHIBIT B

NEW ORLEANS REDEVELOPMENT UNLIMITED
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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	\$ -0-	\$34,275	\$197,151	\$ -0-	\$4,380	\$1,378,374	\$1,614,180
Total operating revenues	<u>-0-</u>	<u>34,275</u>	<u>197,151</u>	<u>-0-</u>	<u>4,380</u>	<u>1,378,374</u>	<u>1,614,180</u>
Expenses:							
Program services	-0-	34,275	197,151	-0-	4,380	1,378,374	1,614,180
Supporting services	<u>25,517</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>25,517</u>
Total expenses	<u>25,517</u>	<u>34,275</u>	<u>197,151</u>	<u>-0-</u>	<u>4,380</u>	<u>1,378,374</u>	<u>1,639,697</u>
Change in net assets from operating activities	<u>(25,517)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(25,517)</u>
Nonoperating Activities:							
Interest income	40,201	-0-	-0-	-0-	-0-	-0-	40,201
Forfeitures and other	<u>6,472</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,472</u>
Total nonoperating activities	<u>46,673</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>46,673</u>
Change in net assets from nonoperating activities	<u>46,673</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>46,673</u>
Change in net assets from operating and nonoperating activities	21,156	-0-	-0-	-0-	-0-	-0-	21,156
Net assets, beginning	<u>91,733</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>91,733</u>
Net assets, ending	<u>\$112,889</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 112,889</u>

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

EXHIBIT C

NEW ORLEANS REDEVELOPMENT UNLIMITED
 COMBINING STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2019

	General		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	\$ -0-	\$ -0-	\$24,769	\$-0-	\$ 41,969	\$-0-	\$-0-	\$-0-	\$ -0-	\$-0-	\$ 115,597	\$-0-	\$ 182,335	\$ -0-
Personnel services employee benefits	-0-	-0-	4,420	-0-	10,196	-0-	-0-	-0-	-0-	-0-	26,178	-0-	40,794	-0-
Purchased professional and technical services	-0-	17,497	-0-	-0-	900	-0-	-0-	-0-	4,380	-0-	8,430	-0-	13,710	17,497
Purchased property services	-0-	6,128	140	-0-	870	-0-	-0-	-0-	-0-	-0-	2,464	-0-	3,474	6,128
Insurance	-0-	1,859	639	-0-	633	-0-	-0-	-0-	-0-	-0-	1,860	-0-	3,132	1,859
Other purchased services	-0-	33	4,210	-0-	-0-	-0-	-0-	-0-	-0-	-0-	103	-0-	4,313	33
Property	-0-	-0-	97	-0-	83	-0-	-0-	-0-	-0-	-0-	257	-0-	437	-0-
Programs	-0-	-0-	-0-	-0-	142,500	-0-	-0-	-0-	-0-	-0-	1,223,485	-0-	1,365,985	-0-
Total expenses	\$-0-	\$25,517	\$34,275	\$-0-	\$197,151	\$-0-	\$-0-	\$-0-	\$4,380	\$-0-	\$1,378,374	\$-0-	\$1,614,180	\$25,517

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



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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, 2019, 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 September 30, 2020.

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

September 30, 2020

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, 2019. **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, 2019.

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

September 30, 2020

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 <i>the Uniform Guidance</i> ?	No

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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 (Construction Lending Expanded 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?	Yes

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs were reported for the year ended December 31, 2019.

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2019.

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

No prior year findings and questioned costs were reported for the year ended December 31, 2019.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.

EXIT CONFERENCE

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.

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

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Clyde Hunter, CPA	-- Senior Accountant

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



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Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

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, 2019 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 reviewed the current status of prior year's other matters with management. We previously reported on **NORU's** internal control in our report dated September 30, 2020. This letter does not affect our report dated September 30, 2020 on the financial statements or internal control of **NORU**.

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

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

(CONTINUED)

Current Year's Other Matters

2019

For the year ended December 31, 2019, no other matters were reported.

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

(CONTINUED)

Prior Year's Other Matters

2018

Our discussion of prior 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.

This condition is similar to a prior year's other matter reference number OM 2017-01.

Questioned Costs

None.

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

(CONTINUED)

Prior Year's Other Matters, Continued

2018

Reference Number, Continued

OM 2018-001

Context

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

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.

Current Status

Partially resolved.

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

(CONTINUED)

Prior 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 ended June 30, 2019 through May 31, 2020 approved and published by the Legislative Auditor, dictated 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**

(CONTINUED)

Prior 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.

Current Status

Partially resolved.

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

(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.

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

September 30, 2020