



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NORU as of December 31, 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NORU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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Continued,

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NORU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NORU's ability to continue as a going concern for a reasonable period of time.

Continued,

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

Supplementary Information

Our 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of compensation, benefits, and other payments to agency heads is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NORU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NORU's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 23, 2023

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets	
Cash (NOTE 3)	\$ 1,359,824
Investment	2,206,848
Amounts Receivable (NOTES 6 and 9)	1,579
Current Portion of loans receivable (NOTES 5, 11 and 13)	892,740
Prepaid Items & Other assets	709
Grants Receivable (NOTES 14)	911,955
Due from primary government, Net	563,978
Total Current Assets	5,937,633
Non-Current Assets	
Loans Receivable, net (NOTES 5, 11 and 13)	865,600
Total Non-Current Assets	865,600
Total Assets	\$ 6,803,233

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Vendors	371,566
Salaries and related-payroll	4,520
Due to Other Funds	536,120
Current Portion of Unearned Charges (NOTE 5)	865,719
Deposits Held for Buyers	3,720
Total Current Liabilities	1,781,645
Non-Current Liabilities	
Revolving Loan	4,871,627
Total Non-Current Liabilities	4,871,627
Total Liabilities	\$ 6,653,272
Net Assets	
Without Donor Restriction	149,961
Total Net Assets	149,961
Total Liabilities and Net Assets	\$ 6,803,233

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, 2022

Operating Activities	
Grants (NOTE 14)	\$ 2,013,975
Total Operating Income	<u>2,013,975</u>
Expenses	
Program Services	1,924,000
Supporting Services	<u>114,295</u>
Total Expenses	2,038,295
Change in Net Assets From Operating Activities	(24,320)
Non-operating Activities	
Interest Income	69,518
Forefitures and other	<u>1,125</u>
Total non-operating income	<u>70,643</u>
Change in Net Assets From Non-Operating Activities	<u>70,643</u>
Change in Net Assets From Operating & Non-Operating Activities	46,323
Net Assets, Beginning of the Year	<u>103,638</u>
Net Assets, End of the Year	<u><u>\$ 149,961</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, 2022**

Expenses	Program Services	Supporting Services	Total
Operations:			
Personnel Salaries and Wages	\$ 77,288	\$ 74,302	\$ 151,590
Personnel Services Employee Benefits	17,528	15,549	33,077
Purchased Professional & Technical Services	37,100	13,304	50,404
Purchased Property Services	502	6,310	6,812
Insurance	2,066	3,030	5,096
Other Purchased Services	-	1,734	1,734
Property	162	-	162
Programs	1,789,354	-	1,789,354
Other Uses	-	66	66
Total Expenses	\$ 1,924,000	\$ 114,295	\$ 2,038,295

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, 2022

Cash Flows From Operating Activities:	
Change in net assets	\$ 46,323
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Increase in Grants receivable	(27,314)
Increase in Prepaid Items & Other Assets	(49)
Increase in Loans Receivable	(111,092)
Increase in Due From Primary Government, Net	(563,978)
Increase in Amounts Receivable	1,212
Increase in Accounts Payable Vendors	233,793
Increase in Salaries and Related Payroll	3,230
Decrease in Unearned Changes	(201,529)
Increase in Deposits Held for Others	3,720
Decrease in Due To Other Funds	<u>(186,373)</u>
Total Adjustments	<u>(848,380)</u>
Net Cash Used by Operating Activities	<u>(802,057)</u>
Cash Flows From Investing Activities:	
Transfer of Investments	<u>3,130,407</u>
Cash Provided by Investing Activities	<u>3,130,407</u>
Cash Flows From Financing Activities:	
Borrowings of Revolving Loans, Net	<u>1,129,414</u>
Cash Provided by Financing Activities	<u>1,129,414</u>
Net Change in Cash	3,457,764
Cash, Beginning of Year	<u>110,487</u>
Cash, End of Year	<u><u>\$ 3,568,251</u></u>

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

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 1 - ORGANIZATION

Background

New Orleans Redevelopment Unlimited, Inc. (NORU) was formed in 2004 as a nonprofit corporation. The purposes of NORU include:

- Eliminate and prevent the development or spread of slums.
- 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.
- 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.
- Acquire property by negotiation or gift.
- Dispose of property by sale, lease, or gift.
- Own real estate, to buy or sell, develop, or lease, and generally handle, moveable and immovable property of every nature and kind.
- Do 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, 2022, 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).

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 funds the development of primarily single-family affordable homes in neighborhoods like Central City, Seventh Ward, Gentilly, and New Orleans East.

JPMorgan

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
AS OF DECEMBER 31, 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Ford Foundation Public Sector Ecosystems

The Ford Foundation awarded NORU a grant to strengthen the affordable housing public sector ecosystem in New Orleans. The grant will support coordination among the City of New Orleans' Office of Community Development, Housing Authority of New Orleans, Finance Authority of New Orleans, and New Orleans Redevelopment Authority.

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, statement of activities, statement 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.

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.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, whereby the donor has stipulated the funds be maintained in perpetuity.

At December 31, 2022, 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.

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's 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 effect 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 years' experience and analysis) to determine collectability of loans receivable.

Investments

Investments consists 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.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 attributable 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 non-recurring nature.

Revolving Loan

A revolving loan is recorded at face value at the 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 statement 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
Other	Time and Effort

NOTE 3 - CASH

At December 31, 2022, the carrying amount of NORU's deposits was \$1,359,824 and the collected bank balance was \$1,779,789. The cumulative collected bank balance at December 31, 2022 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.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash	\$ 1,359,824
Investment	2,206,848
Amounts Receivable	1,579
Current Portion of Loans Recievable	892,740
Prepaid Items & Other assets	709
Grants Receivable	911,955
Due from primary government, Net	<u>563,978</u>
	5,937,633
Less accounts payable	<u>371,567</u>
Total Financial Assets Available Within One Year	<u><u>\$ 5,566,066</u></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 its liquidity management, NORU 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
AS OF DECEMBER 31, 2022

NOTE 5 – NET LOANS RECEIVABLE

At December 31, 2022, net loans receivable consisted of the following:

NON-FORGIVABLE LOANS

Armstrong Construction

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. \$ 60,000

Home by Hand, Inc.

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of interest only due to begin immediately upon disbursement. 180,000

Jericho Road Episcopal

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of interest only due to begin immediately upon disbursement. 5,800

Tulane/Canal NDC

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of interest only due to begin immediately upon disbursement. 80,000

Neighborhood Restoration of Baton Rouge

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of interest only due to begin immediately upon disbursement. 40,000

NewCorp

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

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 5 – NET LOANS RECEIVABLE (CONTINUED)

NON-FORGIVABLE LOANS (CONTINUED)

SBP

Loan, secured by residential property, to a corporation at a rate of 2.50% per annum; payment of interest only is due to begin immediately upon disbursement.

(10,000)

TOTAL NON-FORGIVABLE LOANS

\$ 385,800

FORGIVABLE LOANS

Armstrong Construction

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

120,000

Home by Hand, Inc.

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

180,000

Tulane/Canal NDC

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

100,000

Neighborhood Restoration of Baton Rouge

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

50,000

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 5 – NET LOANS RECEIVABLE (CONTINUED)

FORGIVABLE LOANS (CONTINUED)

NewCorp

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

56,940

Residential construction loan (home buyer assistance) mortgage with varying amounts executed in 2016 and expiring on various dates through November 3, 2030.

865,600

TOTAL FORGIVABLE LOANS

1,372,540

SUBTOTAL LOANS

1,758,340

LESS: CURRENT PORTION

(892,740)

TOTAL NONCURRENT LOANS RECEIVABLE

\$ 865,600

NOTE 6 – NET AMOUNTS RECEIVABLE

At December 31, 2022 amounts receivable, net is as follows:

Funds due from sale of land, unimproved land and structures from NORD's inventory	\$ 1,579
Loan to corporation which is currently in default	<u>328,928</u>
Subtotal	<u>330,507</u>
Less: Allowance for doubtful accounts	<u>(328,928)</u>
Total	<u><u>\$ 1,579</u></u>

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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. NORU in the exercise of due diligence obtained through the Court, a filed judgment in connection with a loan agreement with a developer for the balance of loan funds. It is Counsel's opinion at December 31, 2022 and June 23, 2023, 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, 2022, no board member received per diem in his/her capacity as a Director.

NOTE 11 - REVOLVING LOAN

Revolving loan at December 31, 2022 of \$4,871,627 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.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 12 - RELATED PARTY TRANSACTIONS

NORD paid fees and made various reimbursements for costs incurred on NORU's behalf totaling \$249,978 to NORA for the year ended December 31, 2022 of which management fees paid were \$12,499. NORU, during the year ended December 31, 2022, continued to administer Orleans Housing Investment Program and Construction Lending Expanded with contract awards totaling \$2,013,975 for construction projects on behalf of NORA. At December 31, 2022, the total cumulative amount disbursed, net of repayments results to a total revolving loan balance of \$4,871,627.

NOTE 13 - PROVISION FOR FORGIVABLE LOANS

NORU continues to participate with NORA (related party) in several real estate loan transactions. From inception to date, the provision by NORA to the benefit of the respective home buyers for forgivable mortgage loans totals \$1,372,540 at December 31, 2022. See NOTE 5 for additional discussion.

NOTE 14 – GRANTS AND GRANTS RECEIVABLE

NORU recognized grant revenue totaling \$2,013,975 through the Orleans Housing Investment Program during the year ended December 31, 2022. This represented 100% of grant revenue for the fiscal year. NORU had outstanding grants receivable balances from the Orleans Housing Investment program totaling \$911,955 at December 31, 2022.

NOTE 15 - INVESTMENTS

At December 31, 2022, investments of \$2,206,848 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:

- 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.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

NOTE 15 – INVESTMENTS (CONTINUED)

- **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, 2022 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.

NOTE 16 – LEASE ACCOUNTING

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 was originally effective for fiscal years beginning after December 15, 2020, with early adoption permitted. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including NORU, to annual periods beginning after December 15, 2021.

The office building in which NORU operates is leased by NORA. As of December 31, 2022, NORU intended to purchase the building, which is currently the NORA headquarters. As a result of the Operating Agreement between NORA and NORU, ASC 842 does not apply to NORU.

NOTE 17 - 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 23, 2023, the date of these financial statements. On January 13, 2023, NORU purchased the building located at 1409 Oretha Castle Haley Blvd, which had NORA headquarters as its anchor tenant. Upon purchase of the building, NORU negotiated a long-term lease with NORA. On March 27, 2023, and subsequent to the building purchase, NORU purchased the parking lot located at 1303-05 & 1309-11 South Rampart Street, to provide parking spaces for tenants and staff.

SUPPLEMENTARY INFORMATION



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans Redevelopment Unlimited, Incorporated ("NORU"), which comprise the statement of financial position as of December 31, 2022, and the related statement 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 23, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/ (504)561-8600

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Atlanta Office: 715 Peachtree St. NE, Suite 100/Atlanta, GA 30328/ (678)971-3700

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Luther Speight & Company CPAs
New Orleans, Louisiana
June 23, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Orleans Redevelopment Unlimited, Incorporated's ("NORU") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NORU's major federal programs for the year ended December 31, 2022. NORU's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NORU's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NORU's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NORU's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 23, 2023

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Program Grantor/Title</u>	<u>Assistance Listing #</u>	<u>Federal Expenditures</u>
PROGRAM FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Pass-Through New Orleans Redevelopment Authority as Subgrantee of the State of Louisiana and the City of New Orleans		
Orleans Housing Investment Program	14.228	\$ 2,013,975
Total Federal Expenditures		<u>\$ 2,013,975</u>

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

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
AS OF DECEMBER 31, 2022

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes federal grant activity of NORU and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – PRESENTATION

The accompanying schedule of expenditures of federal awards covers the fiscal year ended December 31, 2022.

NOTE C – DE MINIMUS COST RATE

During the year ended December 31, 2022, NORU did not elect to use the 10% de minimis cost rate.

NOTE D – LOAN AND LOAN GUARANTEES

NORU did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2022. NORU had no loans outstanding at the year ended December 31, 2022.

NOTE E – FEDERAL FUNDED INSURANCE

NORU has no federally funded insurance.

NOTE F – NON-CASH ASSISTANCE

NORU did not receive any federal noncash assistance for the year ended December 31, 2022.

New Orleans Redevelopment Unlimited, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? _____ yes X no
Significant deficiencies identified
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

An unmodified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? _____ yes X no
Significant deficiencies identified
not considered to be material weaknesses? _____ yes X no

Other matters or instances on
noncompliance required to be reported
in accordance with the Uniform Guidance? _____ yes X no

The major program for the year ended December 31, 2022 is as follows:

1. Orleans Housing Investment Program – Assistance Listing #14.228

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

Auditee did qualify as a low-risk auditee.

New Orleans Redevelopment Unlimited, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II – Financial Statement Findings and Questioned Costs

There were no financial statement findings or questioned costs for the year ended December 31, 2022.

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs for the year ended December 31, 2022.

Section IV – Summary of Prior Year’s Findings and Questioned Costs

There were no findings in the prior year.

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	General Fund Unrestricted	JP Morgan	Orleans Housing Investment Program	Totals
Current Assets				
Cash	\$ 1,359,705	\$ 119	\$ -	1,359,824
Current Portion of loans receivable, net	892,740	-	-	892,740
Prepaid items and Other assets	709	-	-	709
Amounts Receivable, net	1,579	-	-	1,579
Grants Receivable	-	-	911,955	911,955
Due from other funds	563,978	-	-	563,978
Investments	2,206,848	-	-	2,206,848
Total Current Assets	<u>5,025,559</u>	<u>119</u>	<u>911,955</u>	<u>5,937,633</u>
Non-Current Assets				
Loan Receivable, net	865,600	-	-	865,600
Total Non-Current Assets	<u>865,600</u>	<u>-</u>	<u>-</u>	<u>865,600</u>
Total Assets	<u>\$ 5,891,159</u>	<u>\$ 119</u>	<u>\$ 911,955</u>	<u>\$ 6,803,233</u>
Current Liabilities				
Amount Payable - Vendors	251	-	371,315	371,566
Salaries and Related-Payroll	-	-	-	-
Taxes Payable	-	-	4,520	4,520
Due to Other Funds	-	-	536,120	536,120
Unearned Charges	865,600	119	-	865,719
Deposits Held For Buyers	3,720	-	-	3,720
Total Current Liabilities	<u>869,571</u>	<u>119</u>	<u>911,955</u>	<u>1,781,645</u>
Non-Current Liabilities				
Resolving Loan	4,871,627	-	-	4,871,627
Unearned Charges	-	-	-	-
Total Non-Current Liabilities	<u>4,871,627</u>	<u>-</u>	<u>-</u>	<u>4,871,627</u>
Total Liabilities	<u>5,741,198</u>	<u>119</u>	<u>911,955</u>	<u>6,653,272</u>
Net Assets				
Without Donor Restriction	149,961	-	-	149,961
Total Net Assets	<u>149,961</u>	<u>-</u>	<u>-</u>	<u>149,961</u>
Total Liabilities and Net Assets	<u>\$ 5,891,159</u>	<u>\$ 119</u>	<u>\$ 911,955</u>	<u>\$ 6,803,233</u>

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

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund Unrestricted	Orleans Housing Investment Program	Totals
Operating Activities			
Grants	\$ -	\$ 2,013,975	\$ 2,013,975
Total operating revenues	-	2,013,975	2,013,975
Expenses			
Program Services	6,000	1,918,000	1,924,000
Supporting Services	18,320	95,975	114,295
Total expenses	24,320	2,013,975	2,038,295
Change in net assets from operating activities	(24,320)	-	(24,320)
Non- Operating Activities			
Interest Income	69,518	-	69,518
Forefitures and Other	1,125	-	1,125
Total non-operating revenues	70,643	-	70,643
Change in Net Assets	46,323	-	46,323
Net Assets, Beginning	103,638	-	103,638
Net Assets, Ending	\$ 149,961	\$ -	\$ 149,961

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

NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund Unrestricted		Orleans Housing Investment Program		Totals	
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services
Expenditures						
Operations:						
Personnel Salaries and Wages	\$ -	\$ 3,372	\$ 77,288	\$ 70,930	\$ 77,288	\$ 74,302
Personnel Services Employee Benefits	-	916	17,528	14,633	17,528	15,549
Purchased Professional & Technical Services	6,000	4,730	31,100	8,574	37,100	13,304
Purchased Property Services	-	6,206	502	104	502	6,310
Insurance	-	3,030	2,066	-	2,066	3,030
Other Purchased Services	-	-	-	1,734	-	1,734
Property	-	-	162	-	162	-
Programs	-	-	1,789,354	-	1,789,354	-
Other Uses	-	66	-	-	-	66
Total Expenditures	\$ 6,000	\$ 18,320	\$ 1,918,000	\$ 95,975	\$ 1,924,000	\$ 114,295

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

**NEW ORLEANS REDEVELOPMENT UNLIMITED, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2022**

Agency Head: Mrs. Brenda M. Breaux, Executive Director

Purpose	Amount
Salary	\$ -
Benefits-FICA	-
Benefits-State	-
Benefits-SUTA	-
Benefits-executive parking	-
Car allowance	-
vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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, 2022.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

NEW ORLEANS REDEVELOPMENT UNLIMITED

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
New Orleans Redevelopment Unlimited
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. New Orleans Redevelopment Unlimited's management is responsible for those C/C areas identified in the SAUPs.

New Orleans Redevelopment Unlimited has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: *The policies and procedures appropriately address the required elements above.*

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- 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; and (5) documentation required to be maintained for all bids and price quotes.

Results: The policies and procedures appropriately address the required elements above.

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

Results: The policies and procedures appropriately address the required elements above.

- 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 (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The policies and procedures appropriately address the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: The policies and procedures appropriately address the required elements above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The policies and procedures appropriately address the required elements above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: The policies and procedures appropriately address the required elements above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Section is not applicable, as the Entity is a non-profit.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *Section is not applicable, as the Entity is a non-profit.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *The policies and procedures appropriately address the required elements above. We noted the Entity contracts with the City of New Orleans to provide Information Technology services, including operational and disaster recovery support. All City data sources are preserved on site as well as at a Tier 3 offsite data center, VENYU, located near Baton Rouge, Louisiana.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *Not applicable, as the Entity is a non-profit.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: *We observed that the board met with a quorum on a quarterly basis. No exceptions were noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: *We reviewed the board meeting minutes for the 2022 fiscal period and noted no exceptions.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: *Not applicable, as no unassigned fund balance in the general fund was observed in the prior year's audit report.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *We observed that the board received written updates that were communicated in the board meeting minutes. The minutes noted that there were no audit findings. No exceptions were noted.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Results: *We obtained a listing of the Entity's bank accounts for the 2022 fiscal period and management's representation that the listing was complete. We randomly selected December 2022 for testing, obtained and inspected the corresponding bank statements and reconciliations, and observed the following:*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: Per review of the 2 bank statements and bank reconciliations, we noted that both had evidence (dates and initials) of being reconciled. All reconciliations were prepared within 2 months of the statement's closing date. No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: All reconciliations had evidence of management approval.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Results: We noted no reconciling items were outstanding for more than 12 months from year-end.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We noted that New Orleans Redevelopment Unlimited does not have a deposit site. However, the Entity has a collection location at 1409 Oretha Haley Blvd., New Orleans, LA, 70113.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: We noted that New Orleans Redevelopment Unlimited does not have a deposit site. However, the Entity has a collection location at 1409 Oretha Haley Blvd., New Orleans, LA, 70113. We selected the only collection location and noted the Entity does not have paid employees. Thus, the steps listed below were not performed.

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - 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 postings to each other and to the deposit.
 - 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: The Entity provided a copy of an insurance policy through Travelers Insurance for Liability and Crime coverages that was enforced during the fiscal year. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Results: We noted that the Entity's collections were supported by proper documentation. No exceptions noted.

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: *The Entity does not have a location where payments are processed.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Results: *The Entity does not have a location where payments are processed, or employees involved with non-payroll purchasing and payment functions. Thus, the procedures below were not performed.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Results: *The Entity does not have a location where payments are processed, or employees involved with non-payroll purchasing and payment functions. Thus, the procedures below were not performed.*

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: We performed the procedures detailed above and noted no exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We noted that New Orleans Redevelopment Unlimited did not have credit cards, bank debit cards, fuel cards, or P-cards during the year under audit.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: Not applicable, as New Orleans Redevelopment Unlimited did not have credit cards, bank debit cards, fuel cards, or P-cards during the year under audit.

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: Not applicable, as New Orleans Redevelopment Unlimited did not have credit cards, bank debit cards, fuel cards, or P-cards during the year under audit.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: Not applicable, as New Orleans Redevelopment Unlimited did not have credit cards, bank debit cards, fuel cards, or P-cards during the year under audit.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Results: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal year, and management’s representation that the listing was complete. There were only three travel expenses, so we selected all three for testing. We also obtained the related expense reimbursement forms and other supporting documentation and performed the procedures below.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: Not applicable, as none of the expenses were reimbursed using a per diem.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: All reimbursements were supported by original itemized receipts that identified the purchases. No exceptions were noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: *We observed that each travel expense was supported by documentation of the business/public purpose, and other documentation required by the Entity's written policy. We noted no exceptions.*

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *We observed that each travel expense or reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. We noted no exceptions.*

Contracts

- 16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: *We noted the selected contracts were obtained through RFP in accordance with the Louisiana Public Bid Law. No exceptions noted.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: *We noted none of the selected contracts required governing body/board approval. The Entity's policies and procedures stated the Entity does not require approval by the governing body or Board. No exceptions noted.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: *We noted one of the selected contracts was amended. We also noted that the original contract terms provided for such an amendment and that amendment was made in compliance with the contract terms. No exceptions noted.*

- d) Randomly select one payment from the fiscal period for each of the 3 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: Not applicable, as there were no payments made to any of the contractors under the contracts during the 2022 fiscal year.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: The Entity does not have paid employees. It is managed by the Executive Director of the New Orleans Redevelopment Authority (NORA).

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: The Entity does not have paid employees. It is managed by the Executive Director of the New Orleans Redevelopment Authority (NORA). Thus, the procedures above were not performed for the Entity.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in

management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: The Entity does not have paid employees. It is managed by the Executive Director of the New Orleans Redevelopment Authority (NORA). Thus, the procedures above were not performed for the Entity.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Not applicable, as the Entity does not have employees. It is managed by the Executive Director of the New Orleans Redevelopment Authority (NORA).

Ethics

Results: Not applicable, as the Entity is a nonprofit.

Debt Service

Results: Not applicable, as the Entity is a nonprofit.

Fraud Notice

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: There were no misappropriations of public funds or assets during the fiscal period.

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We observed that the Entity shares a website with the New Orleans Redevelopment Authority. The website has the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

Results: Management contracts an outside company for all IT Management Services.

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: After obtaining support provided by the Entity for the New Orleans Redevelopment Authority (NORA), we noted that the most recent data backup was performed on March 7, 2023. Screenshot evidence, with date and time stamps, was reviewed as support. No exceptions were noted.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: After obtaining support provided by the Entity for NORA, we noted that the most recent data backup was performed on March 7, 2023. Screenshot evidence, with date and time stamps, was reviewed as support. No exceptions were noted.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We noted no exceptions. LSC obtained a listing of the Entity’s computers currently in use along with their locations. All 5 selected computers have current and active antivirus software and the operating system and accounting system software in use are currently supported.

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We noted no exceptions as there were no terminated employees during the year.

Sexual Harassment

Results: Not applicable, as the Entity is a non-profit.

We were engaged by New Orleans Redevelopment Unlimited to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

We are required to be independent of New Orleans Redevelopment Unlimited and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 23, 2023