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**RENAISSANCE NEIGHBORHOOD  
DEVELOPMENT CORPORATION**

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

**FOR THE YEAR ENDED  
JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**



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

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

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Renaissance Neighborhood Development Corporation**

We have audited the accompanying consolidated statement of financial position of **Renaissance Neighborhood Development Corporation (RNDC)** (a nonprofit organization) as of June 30, 2011 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of **RNDC's** management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Renaissance Neighborhood Development Corporation** as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



## **INDEPENDENT AUDITORS' REPORT**

(Continued)

To the Board of Directors

Renaissance Neighborhood Development Corporation

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011 on our consideration of RNDC'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of RNDC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic consolidated financial statements. The accompanying consolidating statements are also presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

December 28, 2011



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

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**ASSETS**

**Current assets:**

Cash	\$ 1,097,599
Accounts receivable	<u>49,006</u>

Total current assets	<u>1,146,605</u>
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**Fixed assets:**

Land, buildings and other capitalized costs (NOTE 3)	<u>3,268,500</u>
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Total fixed assets	<u>3,268,500</u>
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**Other assets:**

Limited and general partnership assets (NOTE 4)	<u>39,304,863</u>
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Total other assets	<u>39,304,863</u>
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Total assets	<u><u>\$ 43,719,968</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

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**LIABILITIES AND NET ASSETS**

**Liabilities:**

**Current liabilities:**

Accounts payable	\$ 75,847
Notes payable (NOTE 5)	3,687,780
Deferred revenue	1,550,000
Other current liabilities	<u>938</u>

Total current liabilities 5,314,565

**Other liabilities:**

Notes payable (NOTE 5)	1,229,061
Limited and general partnerships' liabilities (NOTE 6)	<u>27,562,304</u>

Total other liabilities 28,791,365

Total liabilities 34,105,930

**Net Assets:**

Unrestricted net assets (NOTE 7) 9,614,038

Total net assets 9,614,038

Total liabilities and net assets \$ 43,719,968

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



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**REVENUES**

<b>Revenues from operations</b>	
Program service fees - developer's fees	\$ 2,043,336
Governmental revenues	1,400,000
Other	42,748
Operating revenues limited and general partnerships	<u>878,737</u>
Total revenues	<u>4,364,821</u>

**EXPENSES**

<b>Operating expenses</b>	
Promoting self-sufficiency	<u>2,230,919</u>
Total expenses	<u>2,230,919</u>
Change in net assets (NOTE 8)	2,133,902
Net assets, beginning of year	1,507,858
Capital contributions	<u>5,972,278</u>
Net assets, end of year	<u>\$ 9,614,038</u>

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



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Promoting Self-sufficiency</u>
Other professional fees	\$ 631,763
Other	6,177
General and limited partnership expenses (NOTE 8)	<u>1,592,979</u>
Total	<u>\$ 2,230,919</u>

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



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Cash flows from operating activities:**

Change in consolidated net assets	\$ 2,133,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in limited and general partnerships	738,803
Decrease in accounts receivable	126,394
Decrease in accounts payable	(141,048)
Increase in deferred revenue	326,733
Decrease in other liabilities	<u>(411,322)</u>
Net cash provided by operating activities	<u>2,773,462</u>

**Cash flows from investing activities:**

Acquisition of fixed assets	<u>(994,146)</u>
Net cash used in investing activities	<u>(994,146)</u>

**Cash flows from financing activities:**

Principle payments on long-term debt	<u>(747,591)</u>
Net cash used in financing activities	<u>(747,591)</u>

Net increase in cash and cash equivalents	1,031,725
Cash and cash equivalents, beginning of year	<u>65,874</u>
Cash and cash equivalents, end of year	<u>\$ 1,097,599</u>

**Supplemental disclosure for cash flow purposes:**

Interest paid	<u>\$ 68,052</u>
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The accompanying notes are an integral part of these consolidated financial statements.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1— ORGANIZATION:**

**Renaissance Neighborhood Development Corporation (RNDC)** is a non-profit corporation organized under the laws of the State of Louisiana exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, including without limitation the ownership and operation of housing facilities on a nonprofit basis and the provision of housing related services on a nonprofit basis and including for such purposes the making of distributions and contributions to organizations described in Section 501(c)(3) of the Internal Revenue Code and exempt from taxation under Section 501(a) of the Internal Revenue Code.

**RNDC** was formed by Volunteers of America, National Services and Volunteers of America Greater New Orleans, Inc. to respond to the devastation of Hurricane Katrina so as to construct, rehabilitate or acquire housing in the greater New Orleans area that is affordable to very low, low and moderate income families.

In August 2008, **RNDC** established the Chateau Carre Apartments LP as the ownership entity for the Chateau Carre project, doing business as (d/b/a) Elysian Courtyards of Gentilly. The General Partner was established as Chateau Carre GP, LLC, whose sole member is **RNDC** and maintains a one-tenth of one percent (0.01%) ownership interest in the Chateau Carre project. The project financing was closed in August 2009, with Hudson Chateau Carre LLC as the Investment Limited Partner.

In August 2008, **RNDC** established the New Covington Apartments LP as the ownership entity for the New Covington project, now known as The Groves at Mile Branch Creek. The General Partner was established as New Covington GP, LLC, whose sole member is **RNDC** and maintains a one-tenth of one percent (0.01%) ownership interest in the New Covington project. The project financing was closed in May, 2010, with First NBC Tax Partners LLC as the Investment Limited Partner.

In August 2008, **RNDC** established the 1770 Tchoupitoulas Apartments LP as the ownership entity for the 1770 Tchoupitoulas project, now known as the Lykes Steamship Apartments. The General Partner was established as 1770 Tchoupitoulas GP, LLC, whose sole member is **RNDC** and maintains a one-tenth of one percent (0.01%) ownership interest in the 1770 Tchoupitoulas project. The project financing is expected to close by June 2012. The Investment Limited Partner has not yet been identified.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of **RNDC** conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The more significant accounting policies of **RNDC** are described as follows:

**Land and Buildings**

Land and buildings purchased by **RNDC** are recorded at cost. **RNDC** follows the practice of capitalizing all expenditures for land and buildings prior to placement in service.

**Cash Equivalents**

**RNDC** considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise designated or restricted. There were no cash equivalents at June 30, 2011.

**Contributions**

In accordance with FASB ASC 958-605-25, *Not for Profit Entities, Revenue Recognition* (Formerly known as SFAS No. 116) Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence of donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified or released to unrestricted net assets.

**Contributed Services**

During the year ended June 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements has not been determined.

**Basis of Consolidation**

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets and cash flows of the **RNDC**, its wholly owned non-profit subsidiaries, **Elysian Courtyards of Gentilly**, **New Covington Apartments LP** and **1770 Tchoupitoulas Apartments**, in which **RNDC**, has a controlling interest. All material inter-company transactions have been eliminated.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

**Net Assets**

**RNDC** classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted net assets. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporarily donor imposed time or purpose restrictions. Temporary restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned in the contributions. At June 30, 2011, **RNDC** had no temporarily or permanently restricted net assets.

**Operations**

**RNDC** defines operations as all program and supporting service activities undertaken. Revenues that result from these activities and their related expenses are reported as operations. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets and disposing of fixed or other assets are reported as non-operating.

Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, **RNDC** is exempt from income taxes, except for net income from unrelated business income. There was no material unrelated business income in 2011 and accordingly, no tax expense was incurred during the year ended June 30, 2011. If for some reason the tax exempt status of the **RNDC** is challenged in the future, the **RNDC's** 2008, 2009 and 2010 tax years are open for examination by the IRS.

**Public Support and Revenue**

A significant portion of support for **RNDC** is provided by grants and donations from private foundations and nonprofit agencies. **RNDC** relies on continued funding in order to provide ongoing and continued operations.

**Allocation of Expenses**

The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

**Use of Estimates in Financial Statement Preparation**

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 and 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 estimates.

**NOTE 3— LAND AND BUILDINGS AND OTHER CAPITALIZED COSTS:**

At June 30, 2011, land, buildings and other capitalized costs consist of the following:

Land	\$ 900,000
Buildings	20,000
Other capitalized costs	<u>2,848,500</u>
	<u>\$3,768,500</u>

No depreciation expense has been reported in the financial statements because the assets have not been placed in service in the 2011 fiscal year.

**NOTE 4— LIMITED AND GENERAL PARTNERSHIP ASSETS:**

At June 30, 2011, limited and general partnership assets consist of the following:

Cash	\$ 1,163,438
Accounts receivable	12,400
Prepaid expenses	106,053
Land, buildings and other capitalized costs	37,276,973
Designated and restricted assets	<u>745,999</u>
	<u>\$39,304,863</u>



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5—NOTES PAYABLE:**

At June 30, 2011, notes payable consist of the following:

Note payable to a corporation secured by land and buildings (Tchoupitoulas property), non-interest bearing and payable on the earlier of closing and funding of construction financing or the eighteenth month anniversary from the disbursement date of the funds. \$ 957,600

Four (4) notes payable to Volunteers of America National Services, unsecured, with interest rates ranging from 0% to prime plus 1%, maturing on with dates ranging from the earlier of January 21, 2011 through May 20, 2012 or the date on which the borrower receives pre-development financing or closes on the real estate and construction and equity financing. 1,052,180

Three (3) notes payable to Volunteers of America of Greater New Orleans secured by land and buildings (Chateau Carre' property) with an interest rate of 0%, maturing through August 27, 2039. 1,229,061



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5- NOTES PAYABLE, continued:**

Note payable to a financial institution secured by land and buildings (Tchoupitpulas) with an interest rate equal to three percent (3%) plus the greater of (i) the London Interbank Offered Rate (LIBOR) or (ii) one percent (1%), maturing on February 17, 2012.

1,678,000

\$ 4,916,841

Scheduled principal payments due on the above notes payable subsequent to June 30, 2011 are as follows:

2012	\$ 3,687,780
2013	0
2014	0
2015	0
2016	0
Thereafter	<u>1,229,061</u>
	\$ <u>4,916,841</u>

Interest in the amount of \$68,052 related to the Tchoupitoulas loan of \$1,678,000 is capitalized within the limited partnership.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 6- LIMITED AND GENERAL PARTNERSHIP LIABILITIES:**

At June 30, 2011, limited and general partnership liabilities consist of the following:

Accounts payable	\$ 1,978,316
Accrued liabilities	120,328
Notes payable	<u>25,463,660</u>
	<u>\$27,562,304</u>

**NOTE 7- UNRESTRICTED NET ASSETS (DEFICITS):**

At June 30, 2011, unrestricted net assets consist of the following:

Controlled limited and general partnerships	\$ (659)
Operations	4,301,248
Non-controlling interest in limited and general partnership	<u>5,313,449</u>
	<u>\$9,614,038</u>

**NOTE 8- CHANGE IN NET ASSETS:**

For the year ended June 30, 2011, the change in net assets consist of the following:

Controlled limited and general partnership	\$ (740)
Operations	2,873,445
Non-controlling interest in limited and general partnership	<u>(738,803)</u>
	<u>\$2,133,902</u>



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9— LIMITED AND GENERAL PARTNERSHIP EXPENSES:**

At June 30, 2011, limited and general partnership expenses consist of the following:

Salaries and employee benefits	\$ 142,044
Other professional fees	97,093
Supplies	52,298
Occupancy	214,601
Interest	333,045
Insurance	84,016
Equipment rental and maintenance	38,638
Other	74,141
Depreciation and amortization	<u>557,103</u>
	<u>\$1,592,979</u>

**NOTE 10— RELATED PARTY TRANSACTIONS:**

**RNDC** is affiliated with Volunteers of America, Inc. through its housing division Volunteers of America National Services (VOANS) and Volunteers of America Greater New Orleans, Inc. which provides supporting services to **RNDC**. Volunteers of America, Inc. and Volunteers of America Greater New Orleans, Inc. also serve as guarantors of the debt of **RNDC**.

Volunteers of America National Services and Volunteers of America Greater New Orleans have outstanding loans and advances to **RNDC**, in the amounts of \$1,052,180 and \$1,229,061, respectively.

**RNDC** receives a significant amount of services from Volunteers of America Greater New Orleans, Inc. in the form of personnel services and other general and administrative services related to **RNDC's** day to day operations. During the year ended June 30, 2011, personnel and other general and administrative services provided by Volunteers of America of Greater New Orleans, Inc. was approximately \$724,000.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 11- FAIR VALUES OF FINANCIAL INSTRUMENTS:**

Cash and Cash Equivalents

The carrying value approximates fair value due to the short-term nature of the instruments.

Accounts Receivable

The carrying amount approximates the fair value.

Notes Payable

The carrying amounts have been determined to approximate fair value.

**NOTE 12- SUBSEQUENT EVENTS:**

RNDC is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. RNDC performed such an evaluation through December 28, 2011, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.



## **SUPPLEMENTARY INFORMATION**



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Activity</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-through Awards:</b>			
St. Tammany Parish Government			
Community Development Block Grant	14.218	CE-STPG	\$ <u>1,400,000</u>
<b>Total Expenditures of Federal Awards</b>			\$ <u>1,400,000</u>

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

See Independent Auditors' Report on Supplementary Information.



**Renaissance Neighborhood Development Corporation**  
**Consolidating Statement of Financial Position**  
**June 30, 2011**

	Pre-Development	The Groves at Milebranch Infrastructure	RNDX Operations Subtotal	GP, LLC d/b/a Elysian Courtyards of Gentry	GP, LLC d/b/a Elysian Courtyards of Gentry	New Covington Apartments	Tehoupitoulas Apartments	Limited and general partnerships Subtotal	Eliminations	Combined
<b>Current assets:</b>										
Cash	\$ 890,675	\$ 206,924	\$ 1,097,599	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,097,599
Accounts receivable	49,006	0	49,006	0	0	0	0	0	0	49,006
Total current assets	939,681	206,924	1,146,605	0	0	0	0	0	0	1,146,605
<b>Fixed assets:</b>										
Land, buildings and other capitalized costs	20,000	3,248,500	3,268,500	0	0	0	0	0	0	3,268,500
Total fixed assets	20,000	3,248,500	3,268,500	0	0	0	0	0	0	3,268,500
<b>Other assets:</b>										
Due from Chateau Carré GP, LLC	1,380,000	0	1,380,000	0	0	0	0	0	(1,380,000)	0
Due from Chateau Carré Apartments, LP	920,973	0	920,973	0	0	0	0	0	(920,973)	0
Due from The Groves at Milebranch Infrastructure	1,432	0	1,432	0	0	0	0	0	(1,432)	0
Due from New Covington Apartments, LP	88,848	0	88,848	0	0	0	0	0	(88,848)	0
Due from Tehoupitoulas Apartments, LP	4,039,587	0	4,039,587	0	0	0	0	0	(4,039,587)	0
Limited and general partnerships' assets	0	0	0	19,799,250	15,428,143	4,077,470	4,077,470	39,304,863	0	39,304,863
Total other assets	6,430,840	0	6,430,840	0	19,799,250	15,428,143	4,077,470	39,304,863	(6,430,840)	39,304,863
Total assets	\$ 7,390,521	\$ 3,455,424	\$ 10,845,945	\$ 0	\$ 19,799,250	\$ 15,428,143	\$ 4,077,470	\$ 39,304,863	\$ (6,430,840)	\$ 43,719,968

See Independent Auditors' Report on Supplementary Information.



**Renaissance Neighborhood Development Corporation**  
**Consolidating Statement of Financial Position**  
**June 30, 2011**

	Pre-Development	The Groves at Milebranch Infrastructure	RNDC Operations Subtotal	GP, LLC db/a Elysian Courtyards of Gentilly	GP, LLC db/a Elysian Courtyards of Gentilly	New Covington Apartments	Tchoupitoulas Apartments	Limited and general partnerships	Eliminations	Combined
<b>Liabilities:</b>										
<b>Current liabilities:</b>										
Accounts payable	\$ 74,757	\$ 1,090	\$ 75,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,847
Notes payable	3,237,780	430,000	3,687,780	0	0	0	0	0	0	3,687,780
Deferred revenue	200,000	1,350,000	1,550,000	0	0	0	0	0	0	1,550,000
Other current liabilities	938	0	938	0	0	0	0	0	0	938
<b>Total current liabilities</b>	<b>3,513,475</b>	<b>1,801,090</b>	<b>5,314,565</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,314,565</b>
<b>Other liabilities:</b>										
Due to Pre-Development	0	1,432	1,432	0	0	0	0	0	(1,432)	0
Notes payable	1,229,061	0	1,229,061	0	0	0	0	0	0	1,229,061
Limited and general partnerships' liabilities	0	0	0	14,508,908	15,428,043	4,055,122	33,992,073	0	(6,429,769)	27,562,304
<b>Total other liabilities</b>	<b>1,229,061</b>	<b>1,432</b>	<b>1,230,493</b>	<b>14,508,908</b>	<b>15,428,043</b>	<b>4,055,122</b>	<b>33,992,073</b>	<b>0</b>	<b>(6,431,201)</b>	<b>28,791,365</b>
<b>Total liabilities</b>	<b>4,742,536</b>	<b>1,802,522</b>	<b>6,545,058</b>	<b>14,508,908</b>	<b>15,428,043</b>	<b>4,055,122</b>	<b>33,992,073</b>	<b>0</b>	<b>(6,431,201)</b>	<b>34,105,930</b>
<b>Net Assets: (Deficits)</b>										
Unrestricted net assets (deficits) attributable to:										
Controlled limited and general partnerships	0	0	0	0	(682)	1	22	(659)	0	(659)
Operations	2,647,985	1,652,902	4,300,887	0	0	0	0	0	361	4,301,248
Non-controlling interest in limited and general partnerships	0	0	0	5,291,024	99	22,326	5,313,449	0	0	5,313,449
<b>Total unrestricted net assets</b>	<b>2,647,985</b>	<b>1,652,902</b>	<b>4,300,887</b>	<b>5,290,342</b>	<b>100</b>	<b>22,348</b>	<b>5,312,790</b>	<b>361</b>	<b>0</b>	<b>9,614,038</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,390,521</b>	<b>\$ 3,455,424</b>	<b>\$ 10,845,945</b>	<b>\$ 19,799,250</b>	<b>\$ 15,428,143</b>	<b>\$ 4,077,470</b>	<b>\$ 39,304,863</b>	<b>\$ (6,430,840)</b>	<b>\$ 0</b>	<b>\$ 43,719,968</b>

See Independent Auditors' Report on Supplementary Information.



**Renaissance Neighborhood Development Corporation**  
**Consolidating Statement of Activities**  
**For The Year Ended June 30, 2011**

	Pre-Development	The Groves at Milebranch Infrastructure	RNDC Operations Subtotal	Chateau Carré GP, LLC d/b/a Elysian Courtyards of Gentilly	Chateau Carré Apartments d/b/a Elysian Courtyards of Gentilly	New Covington Apartments	Tchoupitoulas Apartments	Limited and general partnerships	Eliminations	Combined
<b>REVENUES</b>										
Revenues from operations:										
Program services - developer's fees	\$ 2,043,336	\$ 0	\$ 2,043,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,043,336
Governmental revenues	0	1,400,000	1,400,000	0	0	0	0	0	0	1,400,000
Other	64,786	2,902	67,688	0	0	0	0	0	(24,940)	42,748
Operating revenues limited and general partnerships	0	0	0	0	836,389	0	22,348	878,737	0	878,737
Total revenues	2,108,122	1,402,902	3,511,024	0	836,389	0	22,348	878,737	(24,940)	4,364,821
<b>EXPENSES</b>										
Operating expenses:										
Other professional fees	631,763	0	631,763	0	0	0	0	0	0	631,763
Other	6,177	0	6,177	0	0	0	0	0	0	6,177
General and limited partnerships' expenses	0	0	0	0	1,618,280	0	0	1,618,280	(25,301)	1,592,979
Total expenses	637,940	0	637,940	0	1,618,280	0	0	1,618,280	(25,301)	2,230,919
Change in consolidated net assets (deficits)	1,470,182	1,402,902	2,873,084	0	(761,891)	0	22,348	(739,543)	361	2,133,902
Net assets (Deficits), beginning of year	927,803	250,000	1,177,803	250,000	79,955	100	0	330,055	0	1,507,858
Prior period adjustment	250,000	0	250,000	(250,000)	0	0	0	(250,000)	0	0
Capital contributions	0	0	0	0	5,972,278	0	0	5,972,278	0	5,972,278
Net assets, end of year	\$ 2,647,985	\$ 1,652,902	\$ 4,300,887	\$ 0	\$ 5,290,342	\$ 100	\$ 22,348	\$ 5,312,790	\$ 361	\$ 9,614,038

See Independent Auditors' Report on Supplementary Information.





Member  
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Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

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

**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  
**Renaissance Neighborhood Development Corporation**

We have audited the consolidated financial statements of **Renaissance Neighborhood Development Corporation (RNDC)** (a nonprofit organization) as of and for the year ended June 30, 2011 and have issued our report thereon dated December 28, 2011. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered RNDC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RNDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RNDC's internal control over financial reporting.

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 and therefore there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness



**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**

To the Board of Directors  
Volunteers of America of Greater New Orleans, Inc.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RNDC's financial statements are free of 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the RNDC, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

December 28, 2011





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Society of Louisiana  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Renaissance Neighborhood Development Corporation

**Compliance**

We have audited Renaissance Neighborhood Development Corporation's (RNDC's) (a nonprofit organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on RNDC's major federal program for the year ended June 30, 2011. RNDC's major federal program is identified in the summary of independent auditors results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of RNDC's management. Our responsibility is to express an opinion on RNDC's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 RNDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of RNDC's compliance with those requirements.

In our opinion, RNDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Continued**

To the Board of Directors  
Renaissance Neighborhood Development Corporation

**Internal Control Over Compliance**

Management of RNDC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered RNDC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RNDC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Continued**

To the Board of Directors  
**Renaissance Neighborhood Development Corporation**

This report is intended solely for the information and use of management, others within the RNDC, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

December 28, 2011



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section I – Summary of Independent Auditors' Results**

1. Type of report issued on the financial statements: **Unqualified.**
2. Did the audit disclose any material weaknesses in internal control over financial reporting? **Yes.**
3. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **No.**
4. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
5. Did the audit disclose any material weaknesses in internal control over major Federal programs? **No.**
6. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **None reported.**
7. Type of report issued on compliance for major programs: **Unqualified.**
8. Did the audit disclose any audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a)? **No.**
9. Was a management letter issued? **No.**
10. Identification of Major Programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
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14.218	Community Development Block Grant
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11. Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**
12. Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? **No.**



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Section II – Financial Statement Findings**

**2011-01 Material Audit Adjustment**

**Criteria**

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

**Condition**

We identified a material misstatement in the financial statements as of and for the year ended June 30, 2011 that was not timely identified by RNDC's internal control. A material audit adjustment was recorded to fairly state notes payable and grant revenues.

**Effect**

RNDC's financial statements for the year ended June 30, 2011 required a material audit adjustment to fairly state those financial statements.

**Cause**

The internal control did not prevent or detect a material misstatement of the financial statements.

**Recommendation**

We recommend that RNDC strengthen existing controls to detect and correct material misstatements of the financial statements on a timely basis.

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

No matters reported.



**RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**SECTION I - INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO THE FINANCIAL STATEMENTS**

No matters reported.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FEDERAL AWARDS**

No matters reported.

**SECTION III - MANAGEMENT LETTER**

No matters reported.



## **RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**

### **EXIT CONFERENCE**

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The audit report was discussed during the course of the audit and at an exit teleconference held with the management of RNDC. The individuals who participated in those discussions were as follows:

#### **RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION**

Mr. Lenny Simmons	Chairman
Mr. James M. LeBlanc	Director
Mr. Victor Smeltz	Executive Director
Mr. Gary Zapata	VP Finance & Administration (VOAGNO)
Mr. Mike King	Board Member
Mr. Shawn Bloom	Board Member

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

Mr. Alcide J. Tervalon, Jr., CPA	Managing Partner
Mr. Armand Pinkney	Manager





December 28, 2011

Bruno & Tervalon LLP, CPAs  
4298 Elysian Fields Avenue  
New Orleans, LA 70122

RNDC – Action Plan – Review Cash Inflows

Dear Sirs:

The plan to ensure the correct classification of the funds received for project development will include improved communication between the RNDC Executive VP Housing Development and the VP Finance and Administrative Services and Controller for Volunteers of America GNO on the expected types of funding and repayment plan for the projects in development. A review of the debt roll forward schedule by the VP Finance and Administration and the Controller for Volunteers of America GNO together with the RNDC Executive VP Housing Development will be done to insure the accuracy.

Signed: \_\_\_\_\_

VP Finance & Administration