

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT****DECEMBER 31, 2006**

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 2/13/08**CASCIO & SCHMIDT, LLC**
Certified Public Accountants

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
New Orleans Affordable Homeownership, Inc.

We have audited the accompanying statement of financial position of New Orleans Affordable Homeownership, Inc. (a non-profit corporation) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Affordable Homeownership, Inc. as of December 31, 2006, 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.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2007, on our consideration of New Orleans Affordable Homeownership, Inc.'s internal control over financial reporting and 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 the 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 performed for the purpose of forming an opinion on the basic financial statements of New Orleans Affordable Homeownership, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Caccio & Schmidt, P.C.

Metairie, Louisiana
September 27, 2007

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2006

ASSETS

Cash	\$ 9,094
Grants receivable (Note A4 and B)	1,421,019
Notes receivable (Notes A5, A6, C and D)	403,191
Less reserve for loan losses	<u>(173,161)</u>
	<u>230,030</u>
Real Estate Held for Resale (Notes A7 and E)	41,713
Property and equipment-at cost (Note A8)	
Building	262,752
Less accumulated depreciation	<u>(19,706)</u>
	243,046
Land	<u>9,500</u>
	<u>252,546</u>
Total assets	\$ <u>1,954,402</u>

LIABILITIES

Note payable (Note F)	\$ 99,708
Accounts payable and accrued liabilities	525,307
Due to City of New Orleans	<u>503,892</u>
Total liabilities	<u>1,128,907</u>

NET ASSETS

Unrestricted	444,876
Temporarily restricted (Note J)	<u>380,619</u>
Total net assets	<u>825,495</u>
Total liabilities and net assets	\$ <u>1,954,402</u>

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Government Grants	\$ -	\$ 908,276	\$ 908,276
Other	31,185		31,185
Net assets released from restrictions	<u>908,276</u>	<u>(908,276)</u>	<u>-</u>
Total Revenues	<u>939,461</u>	<u>-</u>	<u>939,461</u>
Expenses			
Salaries	180,029		180,029
Fringe benefits	32,905		32,905
Operating supplies	7,005		7,005
Insurance	12,943		12,943
Professional services	39,343		39,343
Operating services	15,771		15,771
Training	9,499		9,499
Equipment expense	437		437
Construction costs	-		-
Painting and roofing costs	642,705		642,705
Soft Second Costs	-		-
Other costs	<u>8,010</u>		<u>8,010</u>
Total Expenses	<u>948,647</u>	<u>-</u>	<u>948,647</u>
Increase (decrease) in net assets	(9,186)	-	(9,186)
Net assets, beginning of year	<u>454,062</u>	<u>380,619</u>	<u>834,681</u>
Net assets, end of year	<u>\$ 444,876</u>	<u>\$ 380,619</u>	<u>\$ 825,495</u>

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2006

Cash Flows From Operating Activities:		
Decrease in Net Assets		\$ (9,186)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation expense	\$ 8,758	
Changes in assets and liabilities:		
Decrease in Notes Receivable, net of allowance	320,019	
Increase in Grants Receivable	(570,498)	
Increase in Accounts Payable & Accrued Liabilities	100,943	
Increase in Due to City of New Orleans	47,494	
Decrease in cash - overdraft	(6,730)	(100,014)
Net cash used in operating activities		<u>(109,200)</u>
Cash Flows From Investing Activities:		
Disposition of Real Estate Held for Resale		<u>108,294</u>
Net cash provided by investing activities		<u>108,294</u>
Cash Flows From Financing Activities		
Proceeds from note payable		<u>10,000</u>
Net cash provided by financing activities		<u>10,000</u>
Net increase in cash and cash equivalents		9,094
Cash and Cash Equivalents, Beginning of Period		<u>0</u>
Cash and Cash Equivalents, End of Period		\$ <u>9,094</u>
Cash Flow Information:		
Interest paid	\$ <u>8,100</u>	

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. *Nature of Activities*

New Orleans Affordable Homeownership, Inc., is a non-profit corporation organized under the laws of the State of Louisiana. The corporation is organized to provide home ownership opportunities to low and moderate persons who otherwise could not afford to buy a home; increase the number of safe, decent and sanitary housing units in the City of New Orleans; create meaningful activities for youths at risk; and in general, improve the quality of life, housing conditions and work opportunities for residents of the City of New Orleans.

The corporation is supported primarily through government grants. Accordingly, 97% of the corporation's support for the period year ended December 31, 2006 came from government grants.

2. *Financial Statement Presentation*

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. *Revenue Recognition*

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Revenue Recognition - Continued

Grant revenue is recognized as it is earned in accordance with approved contracts.

Real estate sales are recognized on the full accrual method and are recognized at the time the sales are completed and all risk and rewards of ownership have been transferred to the buyer.

4. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. Loans

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.

Management reviews the Organization's loan portfolio to determine the existence of and extent of which notes are subject to special consideration as to any doubt regarding their collectibility. All nonaccrual loans are considered to be impaired in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." When, in management's judgment, a loan is determined to be of doubtful collectibility, the loan is charged to the Reserve for Loan Losses, subject to approval from the funding source, if applicable.

Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrowers' financial condition is such that the collection of interest is doubtful.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Provision and Reserve for Loan Losses

The reserve for possible loan losses is maintained to provide for possible losses inherent in the loan portfolio. On January 1, 1995, the corporation adopted SFAS No. 114, as amended by SFAS No. 118 "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures." In accordance with SFAS No. 114, the reserve for possible loan losses related to loans that are identified as impaired is based upon discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral.

Management determines the appropriate level of reserve to be maintained based on an analysis of the portfolio and evaluation of economic factors. The provision for loan losses is recognized by a reduction of monies due to the funding source depending on the source of the loan proceeds. However, because such factors as loan growth, the future collectibility of loans, and the amounts and timing of future cash flows expected to be received on impaired loans are uncertain, the level of future provisions generally cannot be predicted.

7. Real Estate Held for Resale

Real Estate Held for Resale is carried at cost, not to exceed estimates of net realizable value determined on an individual project basis. The real estate has been acquired to be rehabilitated in accordance with government contracts and sold to qualified program participants.

8. Property and Equipment

New Orleans Affordable Homeownership, Inc. records property acquisitions at costs. Donated assets are recorded at their estimated fair values at date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. The Organization reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The depreciation expense for the year ended December 31, 2006 totaled \$8,758.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Property and Equipment - Continued

Maintenance and repairs are charged to expense as incurred; major renewals and betterments, and equipment, are capitalized when the acquisition cost exceeds \$5,000. When items of property are sold or retired, the related cost and accumulated depreciation are removed from the accounts and a gain or loss is included in Changes in Net Assets.

9. Advertising

The Organization uses advertising to raise public awareness of the various services offered to qualified participants. The cost of advertising is expensed when incurred. Advertising costs totaled \$4,607 for the year ended December 31, 2006.

10. Cash equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

11. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

12. Fair values of Financial Instruments

Cash and cash equivalents, notes, grants and other receivables carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2006

NOTE B - GRANTS RECEIVABLE

Grants receivable at December 31, 2006 consist of the following:

City of New Orleans Division of Housing and Neighborhood Development	<u>\$ 1,421,019</u>
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NOTE C - NOTES RECEIVABLE

Notes receivable consist of mortgage loans to qualified program participants. The loans are serviced by the Finance Authority of New Orleans.

NOTE D - RESERVE FOR LOAN LOSSES

A summary of the activity in the Reserve for Loan Losses for the year ended December 31, 2006 follows:

Balance at beginning of period	\$ 184,161
Reduction of reserve as a charge to Due from Funding Source	<u>(11,000)</u>
Balance at end of period	<u>\$ 173,161</u>

NOTE E - REAL ESTATE HELD FOR SALE

The Organization purchases and renovates blighted property with funds from the Mayor's Challenge Grant. The properties are later sold to qualified participants that are approved by the City of New Orleans' Department of Neighborhood and Housing Development. All costs associated with the purchase and renovation of such properties are capitalized until the properties are sold to participants. Properties held for resale are classified as Temporarily Restricted Net Assets until donor restrictions are satisfied by the Organization.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2006

NOTE F - NOTE PAYABLE

Note payable at December 31, 2006 consists of the following:

Note payable to financial institution, a \$150,000 revolving line-of credit. Interest rate at 10.5%, secured by real estate totaling \$252,546	\$ 99,708
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Interest expense for the year ended December 31, 2006 was \$8,100.

NOTE G - INCOME TAXES

The New Orleans Affordable Homeownership, Inc. is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE H - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member for the year ended December 31, 2006.

NOTE I - SIGNIFICANT CONCENTRATION

The Organization receives a majority of its revenue from funds provided through grants administered by the City of New Orleans. The grant amounts are appropriated each year by the federal and local governments. If significant budget cuts are made at the federal and/or local level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2006:

Mayor's Challenge Grant	\$ <u>380,619</u>
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SUPPLEMENTAL INFORMATION

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2006

<u>PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>FEDERAL CFDA NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the City of New Orleans:			
Project Nu-Coat/Nu-Roof	1/1/06-12/31/06	14.218	\$ 873,884
Total U. S. Department of Housing and Urban Development			<u>873,884</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 873,884</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when New Orleans Affordable Homeownership, Inc. has met the cost of reimbursement of funding qualifications for the respective grants.

CASCIO & SCHMIDT, LLC

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

To the Board of Directors
New Orleans Affordable Homeownership, Inc.

We have audited the financial statements of New Orleans Affordable Homeownership, Inc. (a nonprofit corporation) as of and for the year ended December 31, 2006, and have issued our report thereon dated September 27, 2007. 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 New Orleans Affordable Homeownership, Inc.'s internal control over financial reporting in order to determine 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 the New Orleans Affordable Homeownership, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Orleans Affordable Homeownership, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Orleans Affordable Homeownership, Inc.'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 the audit committee, management, Louisiana Legislative Auditor, others within the organization, 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 Legislative Auditor as a public document.

Cassio + Schmidt, LLP

Metairie, Louisiana
September 27, 2007

CASCIO & SCHMIDT, LLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
New Orleans Affordable Homeownership, Inc.

Compliance

We have audited the compliance of New Orleans Affordable Homeownership, Inc. with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2006. New Orleans Affordable Homeownership, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of New Orleans Affordable Homeownership, Inc.'s management. Our responsibility is to express an opinion on New Orleans Affordable Homeownership, Inc.'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, "Audits of States, Local Governments, and Non-Profit Organizations." 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 New Orleans Affordable Homeownership, Inc.'s compliance with these 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 on New Orleans Affordable Homeownership, Inc.'s compliance with those requirements.

In our opinion, New Orleans Affordable Homeownership, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of New Orleans Affordable Homeownership, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered New Orleans Affordable Homeownership, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Orleans Affordable Homeownership, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, others within the organization 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 Legislative Auditor as a public document.

Cascio + Schmitt, LLP

Metairie, Louisiana
September 27, 2007

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2006

A. SUMMARY OF THE AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of the auditee.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. No instances of noncompliance material to the financial statements of New Orleans Affordable Homeownership, Inc. were disclosed during the audit.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. The Auditor's report on compliance of the major federal award programs for New Orleans Affordable Homeownership, Inc. expresses an unqualified opinion.
6. The audit disclosed no findings which are required to be reported under Section 510(a).
7. The major programs for the year ended December 31, 2006 were:

Project Nu-Coat/Nu-Roof CFDA No. 14.218
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended December 31, 2006

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statements for the year ended December 31, 2006.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no items identified in the course of our testing during the current period required to be reported.

D. STATUS OF PRIOR YEAR FINDINGS

There were no prior period audit findings.