

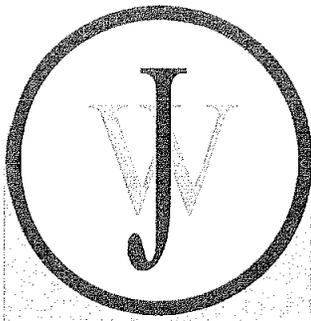
Broadmoor Development Corporation

Financial Statements

For the Year Ended September 30, 2014

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J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Broadmoor Development Corporation
New Orleans, Louisiana

We have audited the accompanying financial statements of Broadmoor Development Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadmoor Development Corporation as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

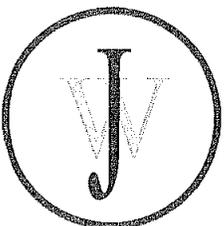
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of Broadmoor Developments Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broadmoor Developments Corporation's internal control over financial reporting and compliance. Under Louisiana Revised Document Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

September 30, 2015



Broadmoor Development Corporation
Statement of Financial Position
September 30, 2014

Assets

| | |
|---|----------------------------|
| Current Assets: | |
| Cash & cash equivalents - unrestricted | \$ 100,660 |
| Prepaid expenses and other assets | 4,926 |
| Other receivables | <u>9,490</u> |
| Total Current Assets | 115,076 |
| Fixtures, furniture, and equipment, net: | 912 |
| Non-Current Assets: | |
| Investments | 417,994 |
| Property held for development | <u>1,099,628</u> |
| Total Non-Current Assets | <u>1,517,622</u> |
| Total Assets | <u>\$ 1,633,610</u> |

Liabilities and Net Assets

| | |
|---|----------------------------|
| Current Liabilities: | |
| Accounts payable | \$ 23,925 |
| Deferred revenue | 19,463 |
| Loans payable | 49,189 |
| Notes payable | <u>576,000</u> |
| Total Current Liabilities | <u>668,577</u> |
| Total Liabilities | 668,577 |
| Net Assets: | |
| Unrestricted | <u>965,033</u> |
| Total Net Assets | <u>965,033</u> |
| Total Liabilities and Net Assets | <u>\$ 1,633,610</u> |

The accompanying notes are an integral part of the financial statements

Broadmoor Development Corporation
Statement of Activities
For the Year Ended September 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Revenues and Other Support: | | | | |
| Sales | \$ 1,197,782 | \$ - | \$ - | \$ 1,197,782 |
| Grants | 537,972 | - | - | 537,972 |
| Contributions | 80,250 | - | - | 80,250 |
| Other revenue | <u>35,522</u> | <u>-</u> | <u>-</u> | <u>35,522</u> |
| Total Revenues and Other Support | 1,851,526 | - | - | 1,851,526 |
| Net Assets Released from Restrictions: | 79,868 | (79,868) | - | - |
| Expenses: | | | | |
| Program services | 1,815,875 | - | - | 1,815,875 |
| Supporting services | <u>246,607</u> | <u>-</u> | <u>-</u> | <u>246,607</u> |
| Total Expenses | <u>2,062,482</u> | <u>-</u> | <u>-</u> | <u>2,062,482</u> |
| Change in Net Assets: | (131,088) | (79,868) | - | (210,956) |
| Net Assets at Beginning of Year: | <u>1,096,121</u> | <u>79,868</u> | <u>-</u> | <u>1,175,989</u> |
| Net Assets at End of Year: | <u>\$ 965,033</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 965,033</u> |

The accompanying notes are an integral part of the financial statements

Broadmoor Development Corporation
Statement of Functional Expenses
For the Year Ended September 30, 2014

| | <u>Supporting Services</u> | | | | |
|---------------------------|-----------------------------|-------------------------------------|--------------------|--|---------------------------|
| | <u>Program Services</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Total Supporting Services</u> | <u>Total Expenses</u> |
| Advertising and marketing | \$ 16,829 | \$ 115 | \$ - | \$ 115 | \$ 16,944 |
| Depreciation expense | - | 221 | - | 221 | 221 |
| Office expenses | - | 6,311 | - | 6,311 | 6,311 |
| Other fees for services | - | 19 | - | 19 | 19 |
| Professional fees | - | 49,867 | - | 49,867 | 49,867 |
| Rent and utilities | - | 24,941 | - | 24,941 | 24,941 |
| Salaries and benefits | - | 159,865 | - | 159,865 | 159,865 |
| Special projects | 1,799,046 | - | - | - | 1,799,046 |
| Supplies and equipment | - | 1,063 | - | 1,063 | 1,063 |
| Telecommunications | - | 4,205 | - | 4,205 | 4,205 |
| Total Expenses | <u>\$1,815,875</u> | <u>\$ 246,607</u> | <u>\$ -</u> | <u>\$ 246,607</u> | <u>\$2,062,482</u> |

The accompanying notes are an integral part of the financial statements

Broadmoor Development Corporation
Statement of Cash Flows
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|------------------|
| Net Income | \$ (210,956) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation and amortization | 221 |
| Decrease (Increase) in operating assets: | |
| Grants receivable | 16,334 |
| Prepaid expenses | 320 |
| Other receivables | 8,838 |
| Increase (Decrease) in operating liabilities | |
| Accounts payable | (180,059) |
| Accrued payroll and related liabilities | (18,688) |
| Grants payable | (1,000) |
| Deferred revenue | (165,093) |
| Total Adjustments | (339,127) |
| Net cash provided by (used in) operating activities | (550,083) |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|------------------|
| Proceeds from sale of properties | 1,834,324 |
| Investments | (133,416) |
| Net cash provided by (used in) investing activities | 1,700,908 |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|--------------------|
| Notes payable repayments | (85,699) |
| Payments on line of credit | (1,229,325) |
| Net cash provided by (used in) financing activities | (1,315,024) |

| | |
|--|------------|
| Net increase (decrease) in cash and cash equivalents | (164,199) |
| Cash and cash equivalents, beginning of year | 264,859 |
| Cash and cash equivalents, end of year | \$ 100,660 |

Supplemental Disclosures:

1. Interest capitalized into property held for development: \$25,697
2. There were no material non-cash investing or financing transactions during the year ended

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Nature of Activities and Significant Accounting Policies

Organization

The Broadmoor Development Corporation (the “BDC”) was formed on June 8, 2006 as a non-profit organization to encourage and implement the preservation and rehabilitation of properties located within the boundaries of a section of the City of New Orleans commonly referred to as Broadmoor; to implement the Broadmoor Improvement Association’s “Community Development Plan”, and revitalize, protect, enhance, and promote urban living and the architectural and community heritage of the neighborhood; to promote the commercial and residential growth and development of Broadmoor within the existing zoning designations for the neighborhood; to facilitate community problem solving and encourage informed input on issues affecting the day-to-day functions of Broadmoor; to research, procure, purchase, rehabilitate, resell, release, return to use or dispose of such buildings, sites, structures or other elements within Broadmoor; to educate the public about the history of Broadmoor and the significance of its architecture; to assist in locating and designating buildings, sites, districts, objects and structures within Broadmoor that are historic or have architectural value; to instruct, educate, and provide information to the public; to cooperate with and assist individuals, groups, governmental bodies, officials, and employees of government with the execution of the goals of the corporation and to cooperate with other historical, educational, cultural, civic and philanthropic organizations or individuals who are interested in the history of the architecture of Broadmoor; to solicit and accept endowments, grants, contributions, and donations of money, real property, or other property; and educate all residents, businesses and organizations within the corporation’s boundaries in all matters of zoning infrastructure and compliance with city, state, and federal laws.

Principles of Accounting

Broadmoor Development Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles.

Basis of Presentation

Broadmoor Development Corporation has adopted the provision of FASB Accounting Standards Codification, Topic 958, "Accounting for Not-for-profit Entities", and reports its financial position and activities according to three classes of net assets according to externally (donor) imposed restrictions.

Unrestricted Net Assets - include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the missions of Broadmoor Development Corporation are included in this category, as well as realized gains and losses not subject to donor-imposed restrictions. The entity has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the entity, and therefore, the entity's policy is to record these net assets as unrestricted. As of September 30, 2014 Broadmoor Development Corporation had \$965,033 in unrestricted net assets.

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Temporarily restricted net assets - include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions (capital improvements, etc.) have not been met. As of September 30, 2014, the Broadmoor Development Corporation did not have any temporarily restricted net assets.

Permanently restricted net assets - are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions. As of September 30, 2014, Broadmoor Development Corporation did not have any permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Broadmoor Development Corporation considers all short-term, highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Fixtures, Furniture, and Equipment

Broadmoor Development Corporation capitalizes items with a unit cost of greater than \$1,000 and a useful life greater than one year. Fixtures, furniture, and equipment are recorded at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a restricted use. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Property and equipment are depreciated using the straight-line method over the estimated useful life of assets. The class lives of the more significant items within each property classification are as follows:

| | |
|----------------------|------------|
| Furniture & Fixtures | 3-10 years |
| Equipment | 3-10 years |

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the programs and supporting services benefited.

Allowance for Losses

Allowances for estimated losses on receivables are provided when, in the opinion of management, such losses are expected to be incurred. Management evaluates the carrying value of these assets at least annually and the allowances are adjusted accordingly. No allowance has been established for the year ended September 30, 2014 as management believes all receivables to be collectible within one year.

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Revenue Recognition

Revenues received under governmental grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the board of directors.

Deferred revenues are recognized as liabilities as of the balance sheet date related to real estate development fees for which revenue has not yet been recognized in conformity with GAAP.

Compensated Absences

Employees of Broadmoor Development Corporation are entitled to paid vacation and paid sick days depending on length of service and other factors. Broadmoor Development Corporation's policy is to recognize the costs of compensated absences when actually earned by employees. As of September 30, 2014, no estimates were made for compensated absences.

Fair Value

Broadmoor Development Corporation has adopted certain provisions of FASB Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures." ASC Topic 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. ASC Topic 820 requires Broadmoor Development Corporation to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy, the details of such fair value measurements.

Income Taxes

The entity is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

However, the entity is subject to income tax on any unrelated business taxable income. Since the entity had no unrelated business income for the year ended September 30, 2014, no provision for income taxes is included in the accompanying financial statements.

The entity files Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction and the State of Louisiana. The Form 990 for the 2014 tax year was efiled on August 13, 2015. Should the entity's tax status be challenged in the future, the 2012, 2013 and 2014 tax years are open to tax examination by the IRS.

In July 2006, the Financial Accounting Standards Board (FASB) issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires companies to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The entity applies a "more-likely-than-not" recognition threshold for all tax

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities.

Management has evaluated the entity's tax positions and concluded that the organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

Property Held for Development Costs

Costs that clearly relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Otherwise, acquisition costs are allocated based on their relative fair value before development, and development costs are allocated based on their relative sales value. Interest costs are capitalized while development is in progress.

Note 2 – Receivables

As of September 30, 2014, receivables consisted of the following:

| | |
|---------------------------------|--------------------|
| Other receivables from BAR | \$ 9,490 |
| Allowance for doubtful accounts | <u> -</u> |
| Other receivables, net | <u>\$ 9,490</u> |

Note 3 – Fixtures, Furniture, and Equipment

The following schedule summarizes the cost and accumulated depreciation of fixtures, furniture and equipment as of September 30, 2014:

| | |
|---|----------------|
| Fixtures, furniture and equipment | \$ 3,776 |
| Accumulated depreciation | <u>(2,864)</u> |
| Fixtures, furniture, and equipment, net | <u>\$ 912</u> |

Depreciation expense for the year ended September 30, 2014 totaled \$221.

Note 4 – Investments

In 2014, Broadmoor Development Corporation formed Broadmoor Affordable Rental, LLC (BAR) as a vehicle for redeveloping four properties under an historic tax credit financing arrangement with Stonehenge Financial Services Corporation purchasing State Historic Tax Credits generated by BAR and First NBC Historic Tax Partners, LLC purchasing the Federal Historic Tax Credits through a Master Tenant entity, Broadmoor Development Master Tenant,

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 4 – Investments (continued)

LLC (BDMT). BAR is owned ninety percent (90%) by Broadmoor Development Corporation, with ten percent (10%) owned by BDMT. One hundred percent (100%) of BDMT is owned by First NBC Historic Tax Partners, LLC with Broadmoor Development Corporation acting as the non-member manager of the entity.

The financing for this project closed in August of 2014 and was effectuated by the transfer of the four properties from Broadmoor Development Corporation to BAR as an equity contribution. BDMT leases two of the properties from BAR and sublets the properties to residential tenants. Because part of the project was funded by a grant through the New Orleans Redevelopment Authority, the tenants must meet income-eligibility standards as outlined in the grant agreement. The carrying value of the investment is \$417,994, which approximates fair value.

Note 5 – Loans Payable

In April of 2014, Green Dot Partners, LLC procured loan and mortgage documents for two of the properties owned by the BDC. Under this agreement, Green Dot Partners, LLC secured financing which allowed BDC to pay-off lines of credit associated with the two properties. The remaining balances on the lines of credit, which the Green Dot Partners, LLC loan paid, totaled \$49,189. As of September 30, 2014, the BDC was not charged any interest on the loan obligation, nor were any payments made towards the outstanding balance.

Note 6 – Notes Payable

Broadmoor Development Corporation obtained a note payable from Enterprise Community Partners, Inc. in October, 2013 in the amount of \$720,000. The note was divided into two separate allotments, of which only \$367,920 of the note bears interest at a rate of two percent. The notes are collateralized by land, as well as five properties owned by the BDC. As of September 30, 2014, the outstanding balance of \$576,000 is expected to be paid in full within the following fiscal year.

Note 7 – Fair Value Measurements of Financial Assets and Liabilities

In accordance with FASB ASC Topic 820, fair value is defined as the price that Broadmoor Development Corporation would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of Broadmoor Development Corporation assets or liabilities. The inputs are summarized in the three broad levels listed below:

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 7 – Fair Value Measurements of Financial Assets and Liabilities (continued)

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Broadmoor Development Corporation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Broadmoor Development Corporation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. Broadmoor Development Corporation's significant financial instruments are cash, accounts receivable, investments, accounts payable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2014 are as follows:

| <u>Description</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> | <u>Carrying Value</u> |
|------------------------------|----------------|----------------|----------------|-------------------|-----------------------|
| Cash and cash equivalents | \$ 100,660 | \$ - | \$ - | \$ 100,660 | \$ 100,660 |
| Receivables | 9,490 | - | - | 9,490 | 9,490 |
| Investments | 417,994 | - | - | 417,994 | 417,994 |
| Property held for investment | 1,099,628 | - | - | 1,099,628 | 1,099,628 |
| Loans payable | - | 49,189 | - | 49,189 | 49,189 |
| Notes payable | - | 576,000 | - | 576,000 | 576,000 |

Note 8 – Concentration of Risk

Credit Risk

As of September 30, 2014, Broadmoor Development Corporation's cash and cash equivalents totaled \$100,660. The entity's cash balances are maintained at various financial institutions in the New Orleans, Louisiana area. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage on non-interest-bearing and interest-bearing accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor and per insured depository institution for each account ownership category. At September 30, 2014, cash and cash equivalents were within FDIC limits.

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 8 – Concentration of Risk (continued)

Economic Dependency

The primary sources of revenue for Broadmoor Development Corporation are contributions from individuals and businesses in the New Orleans area and grants provided through various funding agencies and private foundations. The continued success of Broadmoor Development Corporation is dependent upon the continued receipt of such funds as well as obtaining new sources of funding. While not a concern at this time, it is always considered at least reasonably possible that any grantor or contributor will be lost in the near term.

Note 9 – Commitments and Contingencies

Broadmoor Development Corporation is a recipient of grant funds from certain funding sources. These grants are governed by various federal, state and local guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by the grants are under the control and administration of Broadmoor Development Corporation and are subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 10 – Board of Director Compensation

The Board of Directors is a voluntary board. No compensation was paid to any board member during the year ended September 30, 2014.

Note 11 – Related Party Transactions

A member of Broadmoor Development Corporation's board of directors is the executive director of the Broadmoor Improvement Association (the "BIA"), an entity which acts as fiscal agent for three of Broadmoor Development Corporation's grant funds. During the year ended September 30, 2014, Broadmoor Development Corporation received approximately \$80,000 in unrestricted contributed support from the BIA.

The Broadmoor Development Corporation also has a majority interest in Broadmoor Affordable Rental, LLC (BAR). During the year, BAR paid to Broadmoor Development Corporation approximately \$35,000 for development fees for Broadmoor Development Corporation developing property owned by BAR.

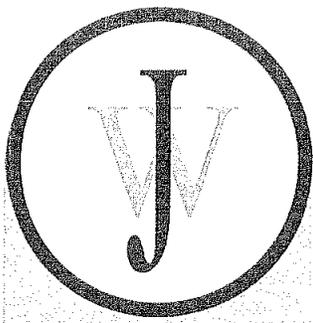
The Broadmoor Development Corporation has a financial relationship with one of the Broadmoor Development Corporation's board members, Keith Johnson. Keith Johnson is the sole member of Green Dot Partners, LLC, which purchased the loan documents and mortgages for the properties located at 3119 Jefferson and 3300 Royer Street for the amount of \$49,189. With the purchase of the properties, all financial obligations to the Local Initiatives Support Corporation (LISC) were paid in full. During the year ended September 30, 2014, there was no interest charged or payments made, leaving the balance owed to Green Dot Partners, LLC at \$49,189.

Broadmoor Development Corporation
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 12 – Subsequent Events

As of January 1, 2015, the legal status of the Broadmoor Development Corporation remains intact; however, its content work has become a program of the Broadmoor Improvement Association. The newly merged organization will henceforth do business as the Broadmoor Improvement Association, and now shares a common Board of Directors and staffing personnel.

Management of Broadmoor Development Corporation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 30, 2015, the date which the financial statements were available to be issued.



J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

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 of
Broadmoor Development Corporation
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 Broadmoor Development Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Broadmoor Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Broadmoor Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Broadmoor Development Corporation'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Broadmoor Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant

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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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-01.

Broadmoor Development Corporation's Response to Findings

Broadmoor Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Broadmoor Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

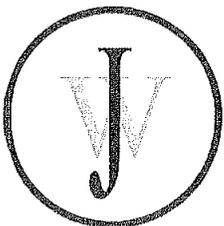
Purpose of this Report

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

J. Walker & Company, APC

Lake Charles, Louisiana

September 30, 2015



Schedule of Findings and Questioned Costs

Broadmoor Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

I. Summary of Auditors' Report

a. Financial Statements

1. The auditors' report expresses an unmodified opinion on the financial statements of Broadmoor Development Corporation.
2. One control deficiency was disclosed during the audit of the financial statements and reported in the *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*.
3. No instances of noncompliance material to the financial statements of Broadmoor Development Corporation are reported in the *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*.

b. Federal Awards

The entity did not expend \$500,000 or more in federal awards during the year ended September 30, 2014 and therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations*.

c. Management Letter

A management letter was not issued in connection with the audit for the year ended September 30, 2014.

**Broadmoor Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

2014-01 Timely Filing of Report

Condition:

The financial report was not submitted to the office of the Louisiana Legislative Auditor on a timely basis.

Criteria:

LSA-R.S. 24:513 states that “all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year.”

Cause:

The cause was primarily due to the delay in receiving accounting records as a result of the client’s change in office locations during the beginning stages of the engagement, as well as the challenges encountered due to the change in management and personnel while the audit was in progress.

Effect:

The organization is not in compliance with State Law governing audit engagement completion.

Recommendation:

The organization should take steps to ensure that all audit engagements are completed and submitted to the legislative auditor’s office in a timely manner.

Response:

Management will take the appropriate actions in the future to ensure that all requested information is available to the auditor in a timely manner to ensure the audit is completed and submitted within the designated six month period.

Contact Information:

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New Orleans, LA 70125
504-249-5130

**Broadmoor Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

III. Summary of Prior Year Findings

INTERNAL CONTROL AND COMPLIANCE FINDING

2013-01 Timely Filing of Report

Condition:

The financial report was not submitted to the office of the Louisiana Legislative Auditor on a timely basis.

Recommendation:

The organization should take steps to ensure that all audit engagements are completed and submitted to the legislative auditor's office in a timely manner.

Current Status:

Unresolved, see finding 2014-01.