

**RENAISSANCE NEIGHBORHOOD
DEVELOPMENT CORPORATION**

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

**FOR THE YEAR ENDED JUNE 30, 2014
With Summarized Comparative
Information For the Year Ended June 30, 2013**

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

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

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Renaissance Neighborhood Development Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Renaissance Neighborhood Development Corporation (the Organization)** (a nonprofit organization), inclusive of Elysian Courtyards of Gentilly, The Groves at Mile Branch Creek, 1770 Tchoupitoulas, Wisdom Manor and Bayou Cane Apartments (Louisiana Limited Partnerships), which collectively comprise **the Organization's** consolidated statement of financial position as of June 30, 2014 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of 2901 Dee, Inc. d/b/a Embassy House, a wholly-owned subsidiary of **the Organization**, as of and for the year ended June 30, 2014, which reflect total assets of \$2,309,664 as of June 30, 2014 and total revenues of \$156,843 for the year ended June 30, 2014. The financial statements of 2901 Dee, Inc. d/b/a Embassy House were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 2901 Dee, Inc. d/b/a Embassy House as of and for the year ended June 30, 2014, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.

INDEPENDENT AUDITORS' REPORT, continued

To the Board of Directors
Renaissance Neighborhood Development Corporation
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Auditors' Responsibility, continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Renaissance Neighborhood Development Corporation** as of June 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.

Report on Summarized Comparative Information

We have previously audited **the Organization's** 2013 consolidated financial statements and our report dated December 12, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT, continued

To the Board of Directors
Renaissance Neighborhood Development Corporation
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Other Matters

Other Information

Our audit was made for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information as listed in the Table of Contents is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to 2901 Dee, Inc. d/b/a Embassy House, is based on the report of other auditors, the accompanying supplementary information as listed in the Table of Contents is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITORS' REPORT, continued

To the Board of Directors
Renaissance Neighborhood Development Corporation
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of **the Organization'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 **the Organization's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2014

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,176,686 | \$ 2,285,516 |
| Accounts receivable | 19,751 | 0 |
| Note receivable | 0 | 2,378,024 |
| Prepaid expenses | 67,727 | 56,440 |
| General and limited partnerships' current assets (NOTE 1) | <u>1,656,771</u> | <u>4,358,873</u> |
| Total current assets | <u>3,920,935</u> | <u>9,078,853</u> |
| Fixed assets: | | |
| Land and buildings | 4,980,826 | 3,166,535 |
| Furnishings, equipment and other | 107,057 | 0 |
| Accumulated depreciation and amortization | (38,125) | 0 |
| General and limited partnerships' fixed assets (NOTE 1) | <u>57,771,203</u> | <u>53,519,069</u> |
| Total fixed assets | <u>62,820,961</u> | <u>56,685,604</u> |
| Other assets: | | |
| Designated and restricted assets | 266,765 | 0 |
| Notes receivable (NOTE 3) | 11,055,738 | 11,190,453 |
| General and limited partnerships' other assets (NOTE 1) | <u>2,565,229</u> | <u>1,471,441</u> |
| Total other assets | <u>13,887,732</u> | <u>12,661,894</u> |
| Total assets | <u>\$ 80,629,628</u> | <u>\$ 78,426,351</u> |

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

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position, Continued

June 30, 2014

With Summarized Comparative Information For June 30, 2013

LIABILITIES AND NET ASSETS

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable | \$ 113,126 | \$ 120,384 |
| Mortgages and notes payable (NOTE 4) | 4,379,053 | 6,283,183 |
| Accrued expenses | 11,651 | 0 |
| Other current liabilities | 226,627 | 200,000 |
| General and limited partnerships' current liabilities (NOTE 1) | <u>1,254,900</u> | <u>3,289,325</u> |
| Total current liabilities | <u>5,985,357</u> | <u>9,892,892</u> |
| Other liabilities: | | |
| Due to VOA/GNO, Inc. (NOTE 5) | 1,242,771 | 1,229,061 |
| Mortgages and notes payable (NOTE 4) | 7,051,201 | 8,027,118 |
| General and limited partnerships' other liabilities (NOTE 1) | <u>41,659,734</u> | <u>41,886,922</u> |
| Total other liabilities | <u>49,953,706</u> | <u>51,143,101</u> |
| Total liabilities | <u>55,939,063</u> | <u>61,035,993</u> |
| Net assets: | | |
| Unrestricted net assets (NOTE 6) | <u>24,690,565</u> | <u>17,390,358</u> |
| Total net assets | <u>24,690,565</u> | <u>17,390,358</u> |
| Total liabilities and net assets | <u>\$ 80,629,628</u> | <u>\$ 78,426,351</u> |

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, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Revenues from operations: | | |
| Public support received directly: | | |
| Contributions | \$ 1,868,291 | \$ 0 |
| Contributions-General and limited partnerships | <u>7,316</u> | <u>0</u> |
| Total public support | <u>1,875,607</u> | <u>0</u> |
| Revenues and grants | <u>25,259</u> | <u>436,410</u> |
| Other revenue: | | |
| Program service fees | 3,086,348 | 2,234,936 |
| Rental income | 173,893 | 0 |
| Other operating income | 5,990 | 496,081 |
| Other revenue-General and limited partnerships (SCHEDULE II) | <u>3,431,026</u> | <u>2,131,924</u> |
| Total other revenue | <u>6,697,257</u> | <u>4,862,941</u> |
| Total operating revenue | <u>8,598,123</u> | <u>5,299,351</u> |

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

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidated Statement of Activities, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | 2014 | 2013 |
|--|----------------------|----------------------|
| EXPENSES | | |
| Operating expenses: | | |
| Program services: | | |
| Promoting self-sufficiency | \$ 1,706,523 | \$ 1,298,673 |
| Promoting self-sufficiency-General and limited partnerships | <u>4,309,009</u> | <u>2,828,133</u> |
| Total operating expenses | <u>6,015,532</u> | <u>4,126,806</u> |
| Excess from operations | <u>2,582,591</u> | <u>1,172,545</u> |
| OTHER ACTIVITIES | | |
| Interest and dividend income | 393,926 | 0 |
| Gain (loss) on disposition of assets-General and limited partnerships | <u>(120)</u> | <u>(1,112,690)</u> |
| Surplus (deficit) from other activities | <u>393,806</u> | <u>(1,112,690)</u> |
| Change in net assets from operations | <u>2,976,397</u> | <u>59,855</u> |
| Other changes in net assets (NOTE 11) | 29,650 | 0 |
| Other changes in net assets-General and limited partnerships (NOTE 11) | <u>4,294,160</u> | <u>910,502</u> |
| Total other changes in net assets | <u>4,323,810</u> | <u>910,502</u> |
| Change in net assets | 7,300,207 | 970,357 |
| Net assets, beginning of year | <u>17,390,358</u> | <u>16,420,001</u> |
| Net assets, end of year | <u>\$ 24,690,565</u> | <u>\$ 17,390,358</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, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | 2014 | | 2013 | |
|----------------------------------|---------------------|--|---------------------|--|
| | Pre- Development | General and Limited Partnerships | Pre- Development | General and Limited Partnerships |
| Legal fees | \$ 23,104 | \$ 0 | 1,799 | 0 |
| Accounting fees | 3,236 | 40,730 | 0 | 4,440 |
| Other professional fees (NOTE 8) | 992,855 | 745,342 | 845,319 | 450,891 |
| Supplies | 3,364 | 31,275 | 0 | 30,179 |
| Telecommunications | 1,793 | 33,339 | 0 | 16,821 |
| Postage | 62 | 488 | 0 | 313 |
| Occupancy | 141,250 | 594,736 | 2,000 | 290,482 |
| Interest | 400,010 | 526,098 | 448,128 | 520,376 |
| Insurance | 58,314 | 372,447 | 1,427 | 398,672 |
| Equipment rental and maintenance | 21,923 | 167,174 | 0 | 12,344 |
| Printing and publications | 600 | 0 | 0 | 0 |
| Travel and transportation | 1,633 | 2,433 | 0 | 1,901 |
| Other | 20,254 | 73,854 | 0 | 91,731 |
| Depreciation and amortization | 38,125 | 1,721,093 | 0 | 1,009,983 |
| | \$ 1,706,523 | \$ 4,309,009 | \$ 1,298,673 | \$ 2,828,133 |

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, 2014
With Summarized Comparative Information For The Year Ended June 30, 2013

| | 2014 | 2013 |
|--|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 7,300,207 | \$ 970,357 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 38,125 | 0 |
| (Increase) decrease in general and limited partnerships' assets | (2,643,820) | (14,889,523) |
| (Increase) decrease in accounts receivable | (19,751) | 50,000 |
| (Increase) decrease in prepaid expenses | (11,287) | (56,440) |
| (Increase) decrease in notes receivable | 2,512,739 | (13,568,477) |
| (Increase) decrease in designated and restricted assets | (266,765) | 0 |
| Increase (decrease) in general and limited partnerships' liabilities | (2,261,613) | 18,992,789 |
| Increase (decrease) in accounts payable | (7,258) | 118,668 |
| Increase (decrease) in accrued expenses | 11,651 | 0 |
| Increase (decrease) in amounts due to VOA/GNO, Inc. | 13,710 | 0 |
| Increase (decrease) in other liabilities | 10,338 | (5,938) |
| Net cash provided by (used in) operating activities | 4,676,276 | (8,388,564) |
| Cash Flows from Investing Activities: | | |
| Acquisition of fixed assets | (1,921,348) | (2,368,556) |
| Disposition of fixed assets | 0 | 80,000 |
| Net cash used in investing activities | (1,921,348) | (2,288,556) |
| Cash Flows from Financing Activities: | | |
| Proceeds from notes payable | 2,464,433 | 13,335,301 |
| Principal reductions in notes payable | (5,328,191) | (2,116,560) |
| Net cash provided by (used in) financing activities | (2,863,758) | 11,218,741 |
| Net increase (decrease) in cash and cash equivalents | (108,830) | 541,621 |
| Cash and cash equivalents, beginning of year | 2,285,516 | 1,743,895 |
| Cash and cash equivalents, end of year | \$ 2,176,686 | \$ 2,285,516 |
| Supplemental Disclosure for Cash Flow Purposes: | | |
| Interest paid | \$ 400,010 | \$ 448,128 |

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

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. This includes, without limitation, the ownership and operation of housing facilities on a nonprofit basis, 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 (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, doing business as (d/b/a) Elysian Courtyards of Gentilly, as the ownership entity for the Chateau Carre project. The General Partner was established as Chateau Carre GP, LLC, whose sole member is **RNDC** and maintains a one-tenth of one percent (0.1%) 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, d/b/a The Groves at Mile Branch Creek as the ownership entity for the New Covington project. The General Partner was established as New Covington GP, LLC, whose sole member is **RNDC** and maintains a one-tenth of one percent (0.1%) 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.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - ORGANIZATION, CONTINUED:

In February 2012, **RNDC** established the 1770 Tchoupitoulas LLC, d/b/a Centennial Place and the Cotton Press Building, as the ownership entity for the 1770 Tchoupitoulas project. The General Partner was established as 1770 Tchoupitoulas LLC, whose sole member is **RNDC** and maintains a one percent (1.0%) ownership interest in the 1770 Tchoupitoulas project. The project financing was closed in July 2012, with U.S. Bank and Iberia Bank as the Investment Limited Partner.

In June 2013, **RNDC** assumed the role of Manager of WM Manager LLC, the Managing Member of Wisdom Manor, LLC, the ownership entity of the Wisdom Manor property. WM Manager LLC, whose sole member is **RNDC**, maintains a 0.01% ownership interest in the Wisdom Manor property. The transfer of ownership was closed on June 26, 2013. Enterprise Housing Alliance Fund II L.P. is the Investor Member.

In June 2013, **RNDC** established the 1100 Tulane, LLC for the purpose of owning and operating real property and improvements at 1100 Tulane Avenue. **RNDC** is the sole member of 1100 Tulane, LLC and holds full ownership in the project. In September 2014 **RNDC** executed a Purchase and Sale Agreement with an unrelated third party and it is anticipated that the disposition will be completed by December 31, 2014.

In October 2013, **RNDC** established 2901 Dee, Inc., d/b/a Embassy House Apartments, as the ownership entity for the Embassy House project. **RNDC** is the sole member of 2901 Dee, Inc. and holds full ownership in the project. 2901 Dee, Inc. was formed under Louisiana Nonprofit Corporation Law specifically for the acquisition and rehabilitation of the project and operating and leasing the project to persons of low and very low income in accordance with the safe harbor established under Internal Revenue Service Procedure 96-32, 1996-1 C.B. 717. The project was acquired in November 2013.

In December 2013, **RNDC** established the Bayou Cane Apartments LP, as the ownership entity for the Bayou Cane Apartments project. The General Partner was established as Bayou Cane GP, LLC, whose sole member is **RNDC** and maintains a 0.01% ownership interest in the Bayou Cane project. The project financing was closed in June 2014, with Wincopin Circle LLLP as the Limited Partner.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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 Building

Land and building 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, 2014.

Contributions

In accordance with FASB ASC 958-605-25, *Not-for-Profit Entities, Revenue Recognition*, 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 restrictions. When a restriction expires, temporarily restricted net assets are reclassified or released to unrestricted net assets.

Contributed Services

During the year ended June 30, 2014, the value of contributed services meeting the requirements for recognition in the financial statements has not been determined.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Consolidation

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets and cash flows of the **RNDC**, and its subsidiaries, Elysian Courtyards of Gentilly, The Groves at Mile Branch Creek, 1770 Tchoupitoulas LLC, Wisdom Manor and Bayou Cane Apartments, in which **RNDC**, has a controlling interest. All material inter-company transactions have been eliminated.

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 temporary donor-imposed time or purpose restrictions. Temporarily 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, 2014, **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 gains and losses.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Operations, Continued

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 2014 and accordingly, no tax expense was incurred during the year ended June 30, 2014. If for some reason the tax exempt status of the **RNDC** is challenged in the future, **RNDC's** 2011, 2012 and 2013 tax years are open for examination by the IRS.

Public Support 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 maintain 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.

Use of Estimates in Consolidated Financial Statement Preparation

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - NOTE RECEIVABLE:

At June 30, 2014, the note receivable consists of a note receivable from ESIC New Market Partners XLVII Investment Fund, LLC which originated through the project financing of 1770 Tchoupitoulas LLC in July 2012.

Scheduled annual principal payments due from ESIC New Market Partners XLVII Investment Fund, LLC on the note receivable subsequent to June 30, 2014 are as follows:

| | |
|------------|---------------------|
| 2015 | \$ -0- |
| 2016 | -0- |
| 2017 | -0- |
| 2018 | 21,710 |
| 2019 | 321,600 |
| Thereafter | <u>10,712,428</u> |
| | <u>\$11,055,738</u> |

NOTE 4 - NOTES PAYABLE:

At June 30, 2014, notes payable consist of the following:

Four (4) notes payable to Volunteers of America National Services, unsecured, with interest rate of 0% with maturity dates ranging from the earlier of the date on which the borrower receives pre-development financing or closes on the real estate and construction and equity financing.

\$ 975,000

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - NOTES PAYABLE, CONTINUED:

| | |
|---|-------------|
| Notes payable to Iberia Bank secured by land and buildings (Tchoupitoulas) with an interest rate equal to the London Interbank Offered Rate (LIBOR) plus three percent (3%), maturing from January 2014 through July 2019. | \$3,115,643 |
| Note payable to First NBC Bank secured by land and buildings (1100 Tulane Ave.) with an interest rate equal to 4.75%, maturing on June 15, 2015. | 2,415,000 |
| Note payable to the State of Louisiana, Division of Administration, Office of Community Development in connection with the acquisition, ownership, development, rehabilitation, construction and leasing of those certain buildings and other improvements located at 1770 and 1744-46 Tchoupitoulas Street with an interest rate of one (1%) per annum maturing on July 2, 2037. | 2,476,443 |
| Note payable to Volunteers of America National Services Corporation with an interest rate of 0% with no stated terms of repayment. | 74,499 |
| Note payable to Enterprise Community Partners, Inc. with an interest rate of 0% maturing in December 2014 for 1100 Tulane Avenue. | 96,037 |
| Note payable to Volunteers of America National Services, unsecured, with an interest rate of 0% with annual payments of \$5,433 due from net cash flow as defined by the promissory noted beginning on May 1, 2016 and the remaining balance due at maturity on May 1, 2025. | 163,000 |

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - NOTES PAYABLE, CONTINUED:

| | |
|--|---------------------|
| Note payable to Volunteers of America North Louisiana with an interest rate of 1% due at maturity on November 12, 2015. | \$ 200,000 |
| Note payable to Living Cities, Inc. with an interest rate of 0% with no stated terms of repayment. | 100,000 |
| Note payable to The Powers Foundation with an interest rate of 2% with the balance due at maturity on November 21, 2015. | 250,000 |
| Note payable to Enterprise Community Loan Fund, Inc. with an interest rate of 6.0% maturing on November 30, 2016. | <u>1,564,632</u> |
| | <u>\$11,430,254</u> |

Scheduled annual principal payments due on the above notes payable subsequent to June 30, 2014 are as follows:

| | |
|------------|---------------------|
| 2015 | \$ 4,379,053 |
| 2016 | 270,227 |
| 2017 | 1,779,828 |
| 2018 | 253,162 |
| 2019 | 2,560,458 |
| Thereafter | <u>2,187,526</u> |
| | <u>\$11,430,254</u> |

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - DUE TO VOA/GNO, INC.:

Amounts due to Volunteers of America of Greater New Orleans, Inc. consisted of three (3) notes payable secured by land and buildings (Chateau Carre' property and Tchoupitoulas) with an interest rate of 0%, maturing through August 27, 2039.

NOTE 6 - UNRESTRICTED NET ASSETS:

At June 30, 2014, unrestricted net assets consist of the following:

| | |
|---|---------------------|
| Controlled general and limited partnerships | \$ 54,249 |
| Operations | 10,696,683 |
| Non-controlling interest in general and limited partnerships | <u>13,939,633</u> |
| | <u>\$24,690,565</u> |

NOTE 7 - CHANGE IN NET ASSETS:

For the year ended June 30, 2014, the change in net assets consists of the following:

| | |
|---|--------------------|
| Controlled general and limited partnerships | \$ 2,568 |
| Operations | 3,688,515 |
| Non-controlling interest in general and limited partnerships | <u>3,609,124</u> |
| | <u>\$7,300,207</u> |

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - RELATED-PARTY TRANSACTIONS:

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

Volunteers of America National Services, VOANS CDE Sub I, and Volunteers of America Greater New Orleans, Inc. have outstanding loans and advances to **RNDC**, in the amounts of \$975,000; \$8,160,000 and \$1,242,771, respectively.

RNDC receives personnel services and other general and administrative services from Volunteers of America Greater New Orleans, Inc. related to **RNDC's** day-to-day operations. During the year ended June 30, 2014, personnel and other general and administrative services provided by Volunteers of America of Greater New Orleans, Inc. was approximately \$893,158.

NOTE 9 - 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 fair value.

Notes Payable

The carrying amounts have been determined to approximate fair value.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - SUBSEQUENT EVENTS:

RNDC is required to evaluate events or transactions that may occur after the consolidated statement of financial position date for potential recognition or disclosure in the consolidated financial statements. RNDC performed such an evaluation through December 12, 2014, the date which the consolidated financial statements were available to be issued, and noted no subsequent event or transaction that occurred after the consolidated statement of financial position date requiring recognition or disclosure.

NOTE 11 - OTHER CHANGES IN NET ASSETS:

Other changes in net assets during the year ended June 30, 2014 represents the acquisition of the Wisdom Manor and Bayou Cane Apartments.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Pre- Development | General and Limited Partnerships | Eliminations | Consolidated | |
|---|----------------------|--|-----------------------|----------------------|----------------------|
| | | | | 2014 | 2013 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 2,176,686 | \$ 1,002,579 | \$ 0 | \$ 3,179,265 | \$ 6,480,197 |
| Accounts receivable | 19,751 | 32,467 | 0 | 52,218 | 40,719 |
| Note receivable | 0 | 0 | 0 | 0 | 2,378,024 |
| Prepaid expenses | 67,727 | 281,979 | 0 | 349,706 | 179,913 |
| Due from projects in development | 5,084,687 | 260,607 | (5,345,294) | 0 | 0 |
| Other assets | 0 | 339,746 | 0 | 339,746 | 0 |
| Total current assets | <u>7,348,851</u> | <u>1,917,378</u> | <u>(5,345,294)</u> | <u>3,920,935</u> | <u>9,078,853</u> |
| Fixed assets: | | | | | |
| Land and buildings | 4,980,826 | 61,047,860 | 0 | 66,028,686 | 55,328,423 |
| Furnishings, equipment and other | 107,057 | 2,164,768 | 0 | 2,271,825 | 2,367,164 |
| Accumulated depreciation and amortization | <u>(38,125)</u> | <u>(5,441,425)</u> | <u>0</u> | <u>(5,479,550)</u> | <u>(1,009,983)</u> |
| Total fixed assets | <u>5,049,758</u> | <u>57,771,203</u> | <u>0</u> | <u>62,820,961</u> | <u>56,685,604</u> |
| Other assets: | | | | | |
| Designated and restricted assets | 266,765 | 2,565,229 | 0 | 2,831,994 | 1,471,441 |
| Notes receivable | 11,055,738 | 0 | 0 | 11,055,738 | 11,190,453 |
| Investment in Partnership | <u>396,964</u> | <u>0</u> | <u>(396,964)</u> | <u>0</u> | <u>0</u> |
| Total other assets | <u>11,719,467</u> | <u>2,565,229</u> | <u>(396,964)</u> | <u>13,887,732</u> | <u>12,661,894</u> |
| Total assets | <u>\$ 24,118,076</u> | <u>\$ 62,253,810</u> | <u>\$ (5,742,258)</u> | <u>\$ 80,629,628</u> | <u>\$ 78,426,351</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position, Continued

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Pre- Development | General and Limited Partnerships | Eliminations | Consolidated | |
|------------------------------------|----------------------|--|-----------------------|----------------------|----------------------|
| | | | | 2014 | 2013 |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 113,126 | \$ 334,117 | \$ 0 | \$ 447,243 | \$ 2,864,669 |
| Mortgages and notes payable | 4,379,053 | 420,228 | 0 | 4,799,281 | 6,486,830 |
| Accrued expenses | 11,651 | 181,433 | 0 | 193,084 | 187,804 |
| Other current liabilities | 226,627 | 319,122 | 0 | 545,749 | 353,589 |
| Due to projects in pre-development | 0 | 5,345,294 | (5,345,294) | 0 | 0 |
| Total current liabilities | <u>4,730,457</u> | <u>6,600,194</u> | <u>(5,345,294)</u> | <u>5,985,357</u> | <u>9,892,892</u> |
| Other liabilities: | | | | | |
| Due to VOA/GNO, Inc. | 1,242,771 | 0 | 0 | 1,242,771 | 1,229,061 |
| Mortgages and notes payable | <u>7,051,201</u> | <u>41,659,734</u> | <u>0</u> | <u>48,710,935</u> | <u>49,914,040</u> |
| Total other liabilities | <u>8,293,972</u> | <u>41,659,734</u> | <u>0</u> | <u>49,953,706</u> | <u>51,143,101</u> |
| Total liabilities | <u>13,024,429</u> | <u>48,259,928</u> | <u>(5,345,294)</u> | <u>55,939,063</u> | <u>61,035,993</u> |
| Net assets: | | | | | |
| Unrestricted net assets | <u>11,093,647</u> | <u>13,993,882</u> | <u>(396,964)</u> | <u>24,690,565</u> | <u>17,390,358</u> |
| Total net assets | <u>11,093,647</u> | <u>13,993,882</u> | <u>(396,964)</u> | <u>24,690,565</u> | <u>17,390,358</u> |
| Total liabilities and net assets | <u>\$ 24,118,076</u> | <u>\$ 62,253,810</u> | <u>\$ (5,742,258)</u> | <u>\$ 80,629,628</u> | <u>\$ 78,426,351</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | <u>Pre- Development</u> | <u>General and Limited Partnerships</u> | <u>Eliminations</u> | <u>Consolidated</u> | |
|--|-----------------------------|---|---------------------|---------------------|------------------|
| | | | | 2014 | 2013 |
| REVENUES | | | | | |
| Revenues from operations: | | | | | |
| Public support received directly: | | | | | |
| Contributions | \$ 1,868,291 | \$ 7,316 | \$ 0 | \$ 1,875,607 | \$ 0 |
| Total public support | <u>1,868,291</u> | <u>7,316</u> | <u>0</u> | <u>1,875,607</u> | <u>0</u> |
| Revenues and grants | <u>25,259</u> | <u>0</u> | <u>0</u> | <u>25,259</u> | <u>436,410</u> |
| Other revenue: | | | | | |
| Program service fees | 3,086,348 | 0 | 0 | 3,086,348 | 2,234,936 |
| Rental income | 173,893 | 3,159,582 | 0 | 3,333,475 | 2,002,216 |
| Other operating income | <u>36,648</u> | <u>271,444</u> | <u>(30,658)</u> | <u>277,434</u> | <u>625,789</u> |
| Total other revenue | <u>3,296,889</u> | <u>3,431,026</u> | <u>(30,658)</u> | <u>6,697,257</u> | <u>4,862,941</u> |
| Total operating revenue | <u>5,190,439</u> | <u>3,438,342</u> | <u>(30,658)</u> | <u>8,598,123</u> | <u>5,299,351</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Pre- Development | General and Limited Partnerships | Eliminations | Consolidated | |
|----------------------------------|---------------------|--|------------------|------------------|------------------|
| | | | | 2014 | 2013 |
| EXPENSES | | | | | |
| Operating expenses: | | | | | |
| Program services: | | | | | |
| Legal fees | \$ 23,104 | \$ 0 | \$ 0 | \$ 23,104 | \$ 1,799 |
| Accounting fees | 3,236 | 40,730 | 0 | 43,966 | 4,440 |
| Other professional fees | 992,855 | 766,000 | (20,658) | 1,738,197 | 1,296,210 |
| Supplies | 3,364 | 31,275 | 0 | 34,639 | 30,179 |
| Telecommunications | 1,793 | 33,339 | 0 | 35,132 | 16,821 |
| Postage | 62 | 488 | 0 | 550 | 313 |
| Occupancy | 141,250 | 594,736 | 0 | 735,986 | 292,482 |
| Interest | 400,010 | 704,087 | (177,989) | 926,108 | 968,504 |
| Insurance | 58,314 | 372,447 | 0 | 430,761 | 400,099 |
| Equipment rental and maintenance | 21,923 | 167,174 | 0 | 189,097 | 12,344 |
| Printing and publications | 600 | 0 | 0 | 600 | 0 |
| Travel and transportation | 1,633 | 2,433 | 0 | 4,066 | 1,901 |
| Other | 20,254 | 83,854 | (10,000) | 94,108 | 91,731 |
| Depreciation and amortization | 38,125 | 1,721,093 | 0 | 1,759,218 | 1,009,983 |
| Total operating expenses | <u>1,706,523</u> | <u>4,517,656</u> | <u>(208,647)</u> | <u>6,015,532</u> | <u>4,126,806</u> |
| Excess (deficit) from operations | <u>3,483,916</u> | <u>(1,079,314)</u> | <u>177,989</u> | <u>2,582,591</u> | <u>1,172,545</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Pre- Development | General and Limited Partnerships | Eliminations | Consolidated | |
|---|----------------------|--|---------------------|----------------------|----------------------|
| | | | | 2014 | 2013 |
| OTHER ACTIVITIES | | | | | |
| Non-operating revenue: | | | | | |
| Interest and dividend income | \$ 571,915 | \$ 0 | \$ (177,989) | \$ 393,926 | \$ 0 |
| Gain (loss) on disposition of assets | <u>0</u> | <u>(120)</u> | <u>0</u> | <u>(120)</u> | <u>(1,112,690)</u> |
| Surplus (deficit) from other activities | <u>571,915</u> | <u>(120)</u> | <u>(177,989)</u> | <u>393,806</u> | <u>(1,112,690)</u> |
| Change in net assets from operations | 4,055,831 | (1,079,434) | 0 | 2,976,397 | 59,855 |
| Other changes in net assets | <u>29,650</u> | <u>4,691,124</u> | <u>(396,964)</u> | <u>4,323,810</u> | <u>910,502</u> |
| Change in net assets | 4,085,481 | 3,611,690 | (396,964) | 7,300,207 | 970,357 |
| Net assets, beginning of year | <u>7,008,166</u> | <u>10,382,192</u> | <u>0</u> | <u>17,390,358</u> | <u>16,420,001</u> |
| Net assets, end of year | <u>\$ 11,093,647</u> | <u>\$ 13,993,882</u> | <u>\$ (396,964)</u> | <u>\$ 24,690,565</u> | <u>\$ 17,390,358</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - Pre-Development

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Projects in | | 2901 Dec, Inc. | | Consolidated | |
|---|-----------------|----------------|------------------------|--------------|---------------|--------------|
| | Pre-Development | Infrastructure | d/b/a Embassy House | Eliminations | 2014 | 2013 |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 2,008,106 | \$ 0 | \$ 168,580 | \$ 0 | \$ 2,176,686 | \$ 2,285,516 |
| Accounts receivable | 17,525 | 0 | 2,226 | 0 | 19,751 | 0 |
| Notes receivable | 0 | 0 | 0 | 0 | 0 | 2,378,024 |
| Prepaid expenses | 57,121 | 0 | 10,606 | 0 | 67,727 | 56,440 |
| Due from projects in development | 4,888,592 | 196,095 | 0 | 0 | 5,084,687 | 3,838,793 |
| Total current assets | 6,971,344 | 196,095 | 181,412 | 0 | 7,348,851 | 8,558,773 |
| Fixed assets: | | | | | | |
| Land and buildings | 2,388,581 | 779,979 | 1,812,266 | 0 | 4,980,826 | 3,166,535 |
| Furnishings, equipment and other | 19,711 | 0 | 87,346 | 0 | 107,057 | 0 |
| Accumulated depreciation and amortization | 0 | 0 | (38,125) | 0 | (38,125) | 0 |
| Total fixed assets | 2,408,292 | 779,979 | 1,861,487 | 0 | 5,049,758 | 3,166,535 |
| Other assets: | | | | | | |
| Designated and restricted assets | 0 | 0 | 266,765 | 0 | 266,765 | 0 |
| Notes receivable | 11,055,738 | 0 | 0 | 0 | 11,055,738 | 11,190,453 |
| Investment in Partnership | 506,964 | 0 | 0 | (110,000) | 396,964 | 0 |
| Total other assets | 11,562,702 | 0 | 266,765 | (110,000) | 11,719,467 | 11,190,453 |
| Total assets | \$ 20,942,338 | \$ 976,074 | \$ 2,309,664 | \$ (110,000) | \$ 24,118,076 | 22,915,761 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - Pre-Development. Continued

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Projects in Pre-Development | Infrastructure | 2901 Dec, Inc. d/b/a Embassy House | Eliminations | Consolidated | |
|-----------------------------------|--------------------------------|-------------------|--|---------------------|----------------------|----------------------|
| | | | | | 2014 | 2013 |
| LIABILITIES AND NET ASSETS | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 99,212 | \$ 0 | \$ 13,914 | \$ 0 | \$ 113,126 | \$ 120,207 |
| Mortgages and notes payable | 3,360,965 | 450,000 | 568,088 | 0 | 4,379,053 | 6,283,183 |
| Due to projects in development | 0 | 0 | 0 | 0 | 0 | 48,026 |
| Accrued expenses | 0 | 0 | 11,651 | 0 | 11,651 | 0 |
| Other current liabilities | 200,000 | 0 | 126,627 | (100,000) | 226,627 | 200,000 |
| Total current liabilities | <u>3,660,177</u> | <u>450,000</u> | <u>720,280</u> | <u>(100,000)</u> | <u>4,730,457</u> | <u>6,651,416</u> |
| Other liabilities: | | | | | | |
| Due to VOA/GNO, Inc. | 1,242,771 | 0 | 0 | 0 | 1,242,771 | 1,229,061 |
| Mortgages and notes payable | 5,341,657 | 0 | 1,709,544 | 0 | 7,051,201 | 8,027,118 |
| Total other liabilities | <u>6,584,428</u> | <u>0</u> | <u>1,709,544</u> | <u>0</u> | <u>8,293,972</u> | <u>9,256,179</u> |
| Total liabilities | <u>10,244,605</u> | <u>450,000</u> | <u>2,429,824</u> | <u>(100,000)</u> | <u>13,024,429</u> | <u>15,907,595</u> |
| Net assets: | | | | | | |
| Unrestricted net assets | <u>10,697,733</u> | <u>526,074</u> | <u>(120,160)</u> | <u>(10,000)</u> | <u>11,093,647</u> | <u>7,008,166</u> |
| Total net assets | <u>10,697,733</u> | <u>526,074</u> | <u>(120,160)</u> | <u>(10,000)</u> | <u>11,093,647</u> | <u>7,008,166</u> |
| Total liabilities and net assets | <u>\$ 20,942,338</u> | <u>\$ 976,074</u> | <u>\$ 2,309,664</u> | <u>\$ (110,000)</u> | <u>\$ 24,118,076</u> | <u>\$ 22,915,761</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - Pre-Development

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Projects in Pre-Development | Infrastructure | 2901 Dec, Inc. d/b/a Embassy House | Eliminations | Consolidated | |
|--|--------------------------------|----------------|--|--------------|--------------|-----------|
| | | | | | 2014 | 2013 |
| REVENUES | | | | | | |
| Revenues from operations: | | | | | | |
| Public support received directly: | | | | | | |
| Contributions | \$ 1,868,291 | \$ 0 | \$ 0 | \$ 0 | \$ 1,868,291 | \$ 0 |
| Total public support | 1,868,291 | 0 | 0 | 0 | 1,868,291 | 0 |
| Revenues and grants | 4,909 | 0 | 20,350 | 0 | 25,259 | 436,410 |
| Other revenue: | | | | | | |
| Program service fees | 3,086,348 | 0 | 0 | 0 | 3,086,348 | 2,234,936 |
| Rental income | 43,700 | 0 | 130,193 | 0 | 173,893 | 2,618 |
| Other operating income | 30,675 | 0 | 5,973 | 0 | 36,648 | 493,463 |
| Total other revenue | 3,160,723 | 0 | 136,166 | 0 | 3,296,889 | 2,731,017 |
| Total operating revenue | 5,033,923 | 0 | 156,516 | 0 | 5,190,439 | 3,167,427 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - Pre-Development, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Projects in Pre-Development | Infrastructure | 2901 Dee, Inc. d/b/a Embassy House | Eliminations | Consolidated | |
|---|--------------------------------|----------------|--|--------------|------------------|------------------|
| | | | | | 2014 | 2013 |
| EXPENSES | | | | | | |
| Operating expenses: | | | | | | |
| Program services: | | | | | | |
| Legal fees | \$ 21,063 | \$ 0 | \$ 2,041 | \$ 0 | \$ 23,104 | \$ 1,799 |
| Accounting fees | 0 | 0 | 3,236 | 0 | 3,236 | 0 |
| Other professional fees | 925,992 | 0 | 66,863 | 0 | 992,855 | 845,319 |
| Supplies | 0 | 0 | 3,364 | 0 | 3,364 | 0 |
| Telecommunications | 0 | 0 | 1,793 | 0 | 1,793 | 0 |
| Postage | 0 | 0 | 62 | 0 | 62 | 0 |
| Occupancy | 84,059 | 0 | 57,191 | 0 | 141,250 | 2,000 |
| Interest | 337,052 | 0 | 62,958 | 0 | 400,010 | 448,128 |
| Insurance | 49,927 | 0 | 8,387 | 0 | 58,314 | 1,427 |
| Equipment rental and maintenance | 1,342 | 0 | 20,581 | 0 | 21,923 | 0 |
| Printing and publications | 0 | 0 | 600 | 0 | 600 | 0 |
| Travel and transportation | 0 | 0 | 1,633 | 0 | 1,633 | 0 |
| Other | 85 | 0 | 20,169 | 0 | 20,254 | 0 |
| Depreciation and amortization | 0 | 0 | 38,125 | 0 | 38,125 | 0 |
| Total operating expenses | 1,419,520 | 0 | 287,003 | 0 | 1,706,523 | 1,298,673 |
| Excess (deficit) from operations | 3,614,403 | 0 | (130,487) | 0 | 3,483,916 | 1,868,754 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - RNDC Pre-Development. Continued, continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Projects in Pre-Development | Infrastructure | 2901 Dee, Inc. d/b/a Embassy House | Eliminations | Consolidated | |
|---|--------------------------------|----------------|--|--------------|---------------|--------------|
| | | | | | 2014 | 2013 |
| OTHER ACTIVITIES | | | | | | |
| Non-operating revenue: | | | | | | |
| Interest and dividend income | \$ 571,588 | \$ 0 | \$ 327 | \$ 0 | \$ 571,915 | \$ 0 |
| Surplus (deficit) from other activities | 571,588 | 0 | 327 | 0 | 571,915 | 0 |
| Change in net assets from operations | 4,185,991 | 0 | (130,160) | 0 | 4,055,831 | 1,868,754 |
| Other changes in net assets | 28,650 | 1,000 | 10,000 | (10,000) | 29,650 | 0 |
| Change in net assets | 4,214,641 | 1,000 | (120,160) | (10,000) | 4,085,481 | 1,868,754 |
| Net assets, beginning of year | 6,483,092 | 525,074 | 0 | 0 | 7,008,166 | 5,139,412 |
| Net assets, end of year | \$ 10,697,733 | \$ 526,074 | \$ (120,160) | \$ (10,000) | \$ 11,093,647 | \$ 7,008,166 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - General and Limited Partnerships

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Elysian Courtyards of Gentilly | The Groves at Mile Branch Creek | 1770 Tchoupitoulas | Wisdom Manor | Bayou Cane Apartments | Consolidated | |
|---|--------------------------------------|---------------------------------------|-----------------------|---------------------|--------------------------|----------------------|----------------------|
| | <u>2014</u> | <u>2014</u> | <u>2013</u> | <u>2013</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | \$ 339,365 | \$ 246,381 | \$ 405,755 | \$ 11,090 | \$ (12) | \$ 1,002,579 | \$ 4,194,681 |
| Accounts receivable | 0 | 17,004 | 11,184 | 4,279 | 0 | 32,467 | 40,719 |
| Prepaid expenses | 122,231 | 2,195 | 156,507 | 1,046 | 0 | 281,979 | 123,473 |
| Due from projects in pre-development | 212,683 | 0 | 47,924 | 0 | 0 | 260,607 | 96,962 |
| Other assets | 0 | 164,820 | 172,749 | 2,177 | 0 | 339,746 | 0 |
| Total current assets | <u>674,279</u> | <u>430,400</u> | <u>794,119</u> | <u>18,592</u> | <u>(12)</u> | <u>1,917,378</u> | <u>4,455,835</u> |
| Fixed assets: | | | | | | | |
| Land and buildings | 18,098,636 | 17,398,291 | 18,560,015 | 5,093,942 | 1,896,976 | 61,047,860 | 52,161,888 |
| Furnishings, equipment and other | 1,385,454 | 71,000 | 540,787 | 167,527 | 0 | 2,164,768 | 2,367,164 |
| Accumulated depreciation and amortization | <u>(2,399,821)</u> | <u>(1,427,805)</u> | <u>(423,198)</u> | <u>(1,190,601)</u> | <u>0</u> | <u>(5,441,425)</u> | <u>(1,009,983)</u> |
| Total fixed assets | <u>17,084,269</u> | <u>16,041,486</u> | <u>18,677,604</u> | <u>4,070,868</u> | <u>1,896,976</u> | <u>57,771,203</u> | <u>53,519,069</u> |
| Other assets: | | | | | | | |
| Designated and restricted assets | <u>916,192</u> | <u>658,301</u> | <u>372,875</u> | <u>617,861</u> | <u>0</u> | <u>2,565,229</u> | <u>1,471,441</u> |
| Total other assets | <u>916,192</u> | <u>658,301</u> | <u>372,875</u> | <u>617,861</u> | <u>0</u> | <u>2,565,229</u> | <u>1,471,441</u> |
| Total assets | <u>\$ 18,674,740</u> | <u>\$ 17,130,187</u> | <u>\$ 19,844,598</u> | <u>\$ 4,707,321</u> | <u>\$ 1,896,964</u> | <u>\$ 62,253,810</u> | <u>\$ 59,446,345</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - General and Limited Partnerships

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Elysian Courtyards of Gentilly | The Groves at Mile Branch Creek | 1770 Tchoupitoulas | Wisdom Manor | Bayou Cane Apartments | Consolidated | |
|------------------------------------|--------------------------------------|---------------------------------------|-----------------------|-----------------|--------------------------|---------------|---------------|
| | | | | | | 2014 | 2013 |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 11,679 | \$ 18,016 | \$ 2,825 | \$ 288 | \$ 301,309 | \$ 334,117 | \$ 2,744,285 |
| Mortgages and notes payable | 84,242 | 132,122 | 0 | 0 | 203,864 | 420,228 | 203,647 |
| Accrued expenses | 110,690 | 63,828 | 3,767 | 3,148 | 0 | 181,433 | 187,804 |
| Other current liabilities | 61,457 | 52,767 | 185,269 | 19,629 | 0 | 319,122 | 153,589 |
| Due to projects in pre-development | 1,093,388 | 756,082 | 1,618,972 | 1,575,799 | 301,053 | 5,345,294 | 3,887,906 |
| Total current liabilities | 1,361,456 | 1,022,815 | 1,810,833 | 1,598,864 | 806,226 | 6,600,194 | 7,177,231 |
| Other liabilities: | | | | | | | |
| Mortgages and notes payable | 12,155,210 | 11,644,524 | 17,860,000 | 0 | 0 | 41,659,734 | 41,886,922 |
| Total other liabilities | 12,155,210 | 11,644,524 | 17,860,000 | 0 | 0 | 41,659,734 | 41,886,922 |
| Total liabilities | 13,516,666 | 12,667,339 | 19,670,833 | 1,598,864 | 806,226 | 48,259,928 | 49,064,153 |
| Net assets: | | | | | | | |
| Unrestricted net assets | 5,158,074 | 4,462,848 | 173,765 | 3,108,457 | 1,090,738 | 13,993,882 | 10,382,192 |
| Total net assets | 5,158,074 | 4,462,848 | 173,765 | 3,108,457 | 1,090,738 | 13,993,882 | 10,382,192 |
| Total liabilities and net assets | \$ 18,674,740 | \$ 17,130,187 | \$ 19,844,598 | \$ 4,707,321 | \$ 1,896,964 | \$ 62,253,810 | \$ 59,446,345 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - General and Limited Partnerships

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | <u>Elysian Courtyards of Gentilly</u> | <u>The Groves at Mile Branch Creek</u> | <u>1770 Tchoupitoulas</u> | <u>Wisdom Manor</u> | <u>Bayou Cane Apartments</u> | <u>Consolidated</u> | |
|--|---|--|-------------------------------|-------------------------|----------------------------------|---------------------|------------------|
| | | | | | | 2014 | 2013 |
| REVENUES | | | | | | | |
| Revenues from operations: | | | | | | | |
| Public support received directly: | | | | | | | |
| Contributions | \$ 0 | \$ 0 | \$ 7,316 | \$ 0 | \$ 0 | \$ 7,316 | \$ 0 |
| Total public support | <u>0</u> | <u>0</u> | <u>7,316</u> | <u>0</u> | <u>0</u> | <u>7,316</u> | <u>0</u> |
| Other revenue: | | | | | | | |
| Rental income | 1,190,906 | 726,698 | 1,025,691 | 216,287 | 0 | 3,159,582 | 1,999,598 |
| Other operating income | <u>60,111</u> | <u>177,925</u> | <u>32,351</u> | <u>1,057</u> | <u>0</u> | <u>271,444</u> | <u>132,326</u> |
| Total other revenue | <u>1,251,017</u> | <u>904,623</u> | <u>1,058,042</u> | <u>217,344</u> | <u>0</u> | <u>3,431,026</u> | <u>2,131,924</u> |
| Total operating revenue | <u>1,251,017</u> | <u>904,623</u> | <u>1,065,358</u> | <u>217,344</u> | <u>0</u> | <u>3,438,342</u> | <u>2,131,924</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - General and Limited Partnerships, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Elysian Courtyards of Gentilly | The Groves at Mile Branch Creek | 1770 Tchoupitoulas | Wisdom Manor | Bayou Cane Apartments | Consolidated | |
|----------------------------------|--------------------------------------|---------------------------------------|-----------------------|------------------|--------------------------|--------------------|------------------|
| | | | | | | 2014 | 2013 |
| EXPENSES | | | | | | | |
| Operating expenses: | | | | | | | |
| Program services: | | | | | | | |
| Accounting fees | \$ 2,460 | \$ 2,460 | \$ 33,350 | \$ 2,460 | \$ 0 | \$ 40,730 | 4,440 |
| Other professional fees | 249,723 | 186,483 | 281,976 | 47,818 | 0 | 766,000 | 450,891 |
| Supplies | 6,368 | 11,842 | 8,897 | 4,168 | 0 | 31,275 | 30,179 |
| Telecommunications | 12,668 | 5,947 | 8,514 | 6,210 | 0 | 33,339 | 16,821 |
| Postage | 81 | 312 | 13 | 82 | 0 | 488 | 313 |
| Occupancy | 100,071 | 93,637 | 391,987 | 9,041 | 0 | 594,736 | 290,482 |
| Interest | 240,525 | 106,341 | 278,402 | 78,807 | 12 | 704,087 | 520,376 |
| Insurance | 120,569 | 124,309 | 95,721 | 31,848 | 0 | 372,447 | 398,672 |
| Equipment rental and maintenance | 70,931 | 36,990 | 29,481 | 29,772 | 0 | 167,174 | 12,344 |
| Travel and transportation | 1,108 | 880 | 430 | 15 | 0 | 2,433 | 1,901 |
| Other | 6,365 | 64,011 | 0 | 13,478 | 0 | 83,854 | 91,731 |
| Depreciation and amortization | 606,832 | 488,863 | 423,198 | 202,200 | 0 | 1,721,093 | 1,009,983 |
| Total operating expenses | <u>1,417,701</u> | <u>1,122,075</u> | <u>1,551,969</u> | <u>425,899</u> | <u>12</u> | <u>4,517,656</u> | <u>2,828,133</u> |
| Excess (deficit) from operations | <u>(166,684)</u> | <u>(217,452)</u> | <u>(486,611)</u> | <u>(208,555)</u> | <u>(12)</u> | <u>(1,079,314)</u> | <u>(696,209)</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - General and Limited Partnerships, Continued

For the Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | <u>Elysian Courtyards of Gentilly</u> | <u>The Groves at Mile Branch Creek</u> | <u>1770 Tchoupitoulas</u> | <u>Wisdom Manor</u> | <u>Bayou Cane Apartments</u> | <u>Consolidated</u> | |
|---|---|--|-------------------------------|-------------------------|----------------------------------|----------------------|----------------------|
| | | | | | | 2014 | 2013 |
| OTHER ACTIVITIES | | | | | | | |
| Non-operating revenue: | | | | | | | |
| Gain (loss) on disposition of assets | \$ 0 | \$ 0 | \$ (120) | \$ 0 | \$ 0 | \$ (120) | \$ (1,112,690) |
| Surplus (deficit) from other activities | 0 | 0 | (120) | 0 | 0 | (120) | (1,112,690) |
| Change in net assets from operations | (166,684) | (217,452) | (486,731) | (208,555) | (12) | (1,079,434) | (1,808,899) |
| Other changes in net assets | (18,505) | 10,103 | 291,764 | 3,317,012 | 1,090,750 | 4,691,124 | 910,502 |
| Change in net assets | (185,189) | (207,349) | (194,967) | 3,108,457 | 1,090,738 | 3,611,690 | (898,397) |
| Net assets, beginning of year | <u>5,343,263</u> | <u>4,670,197</u> | <u>368,732</u> | <u>0</u> | <u>0</u> | <u>10,382,192</u> | <u>11,280,589</u> |
| Net assets, end of year | <u>\$ 5,158,074</u> | <u>\$ 4,462,848</u> | <u>\$ 173,765</u> | <u>\$ 3,108,457</u> | <u>\$ 1,090,738</u> | <u>\$ 13,993,882</u> | <u>\$ 10,382,192</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - The Groves at Mile Branch Creek

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | New | | | Consolidated | |
|---|-------------------------|---------------------------|--------------|---------------|---------------|
| | Covington Apartments | Homeowners Association | Eliminations | 2014 | 2013 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 222,962 | \$ 23,419 | \$ 0 | \$ 246,381 | \$ 316,792 |
| Accounts receivable | 2,084 | 14,920 | 0 | 17,004 | 5,314 |
| Prepaid expenses | 2,195 | 0 | 0 | 2,195 | 948 |
| Other assets | 164,820 | 0 | 0 | 164,820 | 0 |
| Total current assets | 392,061 | 38,339 | 0 | 430,400 | 323,054 |
| Fixed assets: | | | | | |
| Land and buildings | 17,398,291 | 0 | 0 | 17,398,291 | 17,093,169 |
| Furnishings, equipment and other | 71,000 | 0 | 0 | 71,000 | 0 |
| Accumulated depreciation and amortization | (1,427,805) | 0 | 0 | (1,427,805) | (398,000) |
| Total fixed assets | 16,041,486 | 0 | 0 | 16,041,486 | 16,695,169 |
| Other assets: | | | | | |
| Designated and restricted assets | 658,301 | 0 | 0 | 658,301 | 479,576 |
| Total other assets | 658,301 | 0 | 0 | 658,301 | 479,576 |
| Total assets | \$ 17,091,848 | \$ 38,339 | \$ 0 | \$ 17,130,187 | \$ 17,497,799 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - The Groves at Mile Branch Creek

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | <u>New Covington Apartments</u> | <u>Homeowners Association</u> | <u>Eliminations</u> | <u>Consolidated</u> | |
|------------------------------------|---|-----------------------------------|---------------------|----------------------|----------------------|
| | | | | <u>2014</u> | <u>2013</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 5,746 | \$ 12,270 | \$ 0 | \$ 18,016 | \$ 4,734 |
| Mortgages and notes payable | 132,122 | 0 | 0 | 132,122 | 0 |
| Accrued expenses | 63,828 | 0 | 0 | 63,828 | 80,726 |
| Other current liabilities | 52,767 | 0 | 0 | 52,767 | 85,284 |
| Due to projects in pre-development | <u>756,082</u> | <u>0</u> | <u>0</u> | <u>756,082</u> | <u>747,690</u> |
| Total current liabilities | <u>1,010,545</u> | <u>12,270</u> | <u>0</u> | <u>1,022,815</u> | <u>918,434</u> |
| Other liabilities: | | | | | |
| Mortgages and notes payable | <u>11,644,524</u> | <u>0</u> | <u>0</u> | <u>11,644,524</u> | <u>11,909,168</u> |
| Total other liabilities | <u>11,644,524</u> | <u>0</u> | <u>0</u> | <u>11,644,524</u> | <u>11,909,168</u> |
| Total liabilities | <u>12,655,069</u> | <u>12,270</u> | <u>0</u> | <u>12,667,339</u> | <u>12,827,602</u> |
| Net assets: | | | | | |
| Unrestricted net assets | <u>4,436,779</u> | <u>26,069</u> | <u>0</u> | <u>4,462,848</u> | <u>4,670,197</u> |
| Total net assets | <u>4,436,779</u> | <u>26,069</u> | <u>0</u> | <u>4,462,848</u> | <u>4,670,197</u> |
| Total liabilities and net assets | <u>\$ 17,091,848</u> | <u>\$ 38,339</u> | <u>\$ 0</u> | <u>\$ 17,130,187</u> | <u>\$ 17,497,799</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - The Groves at Mile Branch Creek

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | New Covington Apartments | Homeowners Association | Eliminations | <u>Consolidated</u> | |
|----------------------------------|--------------------------------|---------------------------|--------------|---------------------|----------------|
| | | | | <u>2014</u> | <u>2013</u> |
| REVENUES | | | | | |
| Revenues from operations: | | | | | |
| Other revenue: | | | | | |
| Rental income | \$ 726,698 | \$ 0 | \$ 0 | \$ 726,698 | \$ 690,719 |
| Other operating income | <u>116,817</u> | <u>61,108</u> | <u>0</u> | <u>177,925</u> | <u>75,838</u> |
| Total other revenue | <u>843,515</u> | <u>61,108</u> | <u>0</u> | <u>904,623</u> | <u>766,557</u> |
| Total operating revenue | <u>843,515</u> | <u>61,108</u> | <u>0</u> | <u>904,623</u> | <u>766,557</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - The Groves at Mile Branch Creek, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | New Covington Apartments | Homeowners Association | Eliminations | <u>Consolidated</u> | |
|----------------------------------|--------------------------------|---------------------------|--------------|---------------------|------------------|
| | | | | 2014 | 2013 |
| EXPENSES | | | | | |
| Operating expenses: | | | | | |
| Program services: | | | | | |
| Accounting fees | \$ 2,460 | \$ 0 | \$ 0 | \$ 2,460 | \$ 2,220 |
| Other professional fees | 181,083 | 5,400 | 0 | 186,483 | 198,568 |
| Supplies | 11,705 | 137 | 0 | 11,842 | 16,589 |
| Telecommunications | 5,947 | 0 | 0 | 5,947 | 6,615 |
| Postage | 312 | 0 | 0 | 312 | 313 |
| Occupancy | 69,656 | 23,981 | 0 | 93,637 | 156,331 |
| Interest | 106,341 | 0 | 0 | 106,341 | 257,968 |
| Insurance | 122,620 | 1,689 | 0 | 124,309 | 240,666 |
| Equipment rental and maintenance | 24,813 | 12,177 | 0 | 36,990 | 3,245 |
| Travel and transportation | 880 | 0 | 0 | 880 | 391 |
| Other | 64,011 | 0 | 0 | 64,011 | 59,856 |
| Depreciation and amortization | 488,863 | 0 | 0 | 488,863 | 398,000 |
| Total operating expenses | <u>1,078,691</u> | <u>43,384</u> | <u>0</u> | <u>1,122,075</u> | <u>1,340,762</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - The Groves at Mile Branch Creek, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | New Covington Apartments | Homeowners Association | Eliminations | <u>Consolidated</u> | |
|--------------------------------------|--------------------------------|---------------------------|--------------|---------------------|---------------------|
| | | | | <u>2014</u> | <u>2013</u> |
| Excess (deficit) from operations | \$ (235,176) | \$ 17,724 | \$ 0 | \$ (217,452) | \$ (574,205) |
| Change in net assets from operations | (235,176) | 17,724 | 0 | (217,452) | (574,205) |
| Other changes in net assets | 128 | 9,975 | 0 | 10,103 | 949,250 |
| Change in net assets | (235,048) | 27,699 | 0 | (207,349) | 375,045 |
| Net assets, beginning of year | <u>4,671,827</u> | <u>(1,630)</u> | <u>0</u> | <u>4,670,197</u> | <u>4,295,152</u> |
| Net assets, end of year | <u>\$ 4,436,779</u> | <u>\$ 26,069</u> | <u>\$ 0</u> | <u>\$ 4,462,848</u> | <u>\$ 4,670,197</u> |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - 1770 Tchoupitoulas

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Tchoupitoulas Apartments | Master Tenant | Sale of Tchoupitoulas | Centennial Place Apartments | Eliminations | Consolidated | |
|---|-----------------------------|------------------|--------------------------|-----------------------------------|--------------|---------------|---------------|
| | | | | | | 2014 | 2013 |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 228,174 | \$ 140,308 | \$ 0 | \$ 37,273 | \$ 0 | \$ 405,755 | \$ 3,678,122 |
| Accounts receivable | 10,188 | 0 | 0 | 996 | 0 | 11,184 | 30,607 |
| Prepaid expenses | 26,169 | 68,524 | 0 | 61,814 | 0 | 156,507 | 0 |
| Due from projects in pre-development | 0 | 0 | 47,924 | 0 | 0 | 47,924 | 96,962 |
| Other assets | 155,374 | 16,375 | 0 | 1,000 | 0 | 172,749 | 0 |
| Total current assets | 419,905 | 225,207 | 47,924 | 101,083 | 0 | 794,119 | 3,805,691 |
| Fixed assets: | | | | | | | |
| Land and buildings | 18,447,745 | 112,270 | 0 | 0 | 0 | 18,560,015 | 19,132,798 |
| Furnishings, equipment and other | 536,130 | 0 | (3,485) | 8,142 | 0 | 540,787 | 0 |
| Accumulated depreciation and amortization | (423,198) | 0 | 0 | 0 | 0 | (423,198) | 0 |
| Total fixed assets | 18,560,677 | 112,270 | (3,485) | 8,142 | 0 | 18,677,604 | 19,132,798 |
| Other assets: | | | | | | | |
| Designated and restricted assets | 358,375 | 1,500 | 0 | 13,000 | 0 | 372,875 | 0 |
| Total other assets | 358,375 | 1,500 | 0 | 13,000 | 0 | 372,875 | 0 |
| Total assets | \$ 19,338,957 | \$ 338,977 | \$ 44,439 | \$ 122,225 | \$ 0 | \$ 19,844,598 | \$ 22,938,489 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Financial Position - 1770 Tchoupitoulas, Continued

June 30, 2014

With Summarized Comparative Information For June 30, 2013

| | Tchoupitoulas Apartments | Master Tenant | Sale of Tchoupitoulas | Centennial Place Apartments | Eliminations | Consolidated | |
|------------------------------------|-----------------------------|------------------|--------------------------|-----------------------------------|--------------|---------------|---------------|
| | | | | | | 2014 | 2013 |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 0 | \$ 1,711 | \$ 0 | \$ 1,114 | \$ 0 | \$ 2,825 | \$ 2,739,043 |
| Accrued expenses | 0 | 0 | 0 | 3,767 | 0 | 3,767 | 0 |
| Other current liabilities | 0 | 171,548 | 0 | 13,721 | 0 | 185,269 | 0 |
| Due to projects in pre-development | 1,491,242 | 92,896 | 0 | 34,834 | 0 | 1,618,972 | 1,970,714 |
| Total current liabilities | 1,491,242 | 266,155 | 0 | 53,436 | 0 | 1,810,833 | 4,709,757 |
| Other liabilities: | | | | | | | |
| Mortgages and notes payable | 17,860,000 | 0 | 0 | 0 | 0 | 17,860,000 | 17,860,000 |
| Total other liabilities | 17,860,000 | 0 | 0 | 0 | 0 | 17,860,000 | 17,860,000 |
| Total liabilities | 19,351,242 | 266,155 | 0 | 53,436 | 0 | 19,670,833 | 22,569,757 |
| Net assets: | | | | | | | |
| Unrestricted net assets | (12,285) | 72,822 | 44,439 | 68,789 | 0 | 173,765 | 368,732 |
| Total net assets | (12,285) | 72,822 | 44,439 | 68,789 | 0 | 173,765 | 368,732 |
| Total liabilities and net assets | \$ 19,338,957 | \$ 338,977 | \$ 44,439 | \$ 122,225 | \$ 0 | \$ 19,844,598 | \$ 22,938,489 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - 1770 Tchoupitoulas

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Tchoupitoulas Apartments | Master Tenant | Sale of Tchoupitoulas | Centennial Place Apartments | Eliminations | Consolidated | |
|--|-----------------------------|------------------|--------------------------|-----------------------------------|--------------|--------------|---------|
| | | | | | | 2014 | 2013 |
| REVENUES | | | | | | | |
| Revenues from operations: | | | | | | | |
| Public support received directly: | | | | | | | |
| Contributions | \$ 0 | \$ 7,316 | \$ 0 | \$ 0 | \$ 0 | \$ 7,316 | \$ 0 |
| Total public support | 0 | 7,316 | 0 | 0 | 0 | 7,316 | 0 |
| Other revenue: | | | | | | | |
| Rental income | 651,325 | 360,586 | 5,000 | 430,030 | (421,250) | 1,025,691 | 142,436 |
| Other operating income | 2,995 | 0 | 0 | 29,356 | 0 | 32,351 | 1,883 |
| Total other revenue | 654,320 | 360,586 | 5,000 | 459,386 | (421,250) | 1,058,042 | 144,319 |
| Total operating revenue | 654,320 | 367,902 | 5,000 | 459,386 | (421,250) | 1,065,358 | 144,319 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - 1770 Tchoupitoulas, Continued

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | Tchoupitoulas | Master | Sale of | Centennial | Eliminations | Consolidated | |
|---|------------------|------------------|---------------|---------------------|------------------|------------------|----------------|
| | Apartments | Tenant | Tchoupitoulas | Place Apartments | | 2014 | 2013 |
| EXPENSES | | | | | | | |
| Operating expenses: | | | | | | | |
| Program services: | | | | | | | |
| Accounting fees | \$ 29,150 | \$ 1,500 | \$ 0 | \$ 2,700 | \$ 0 | \$ 33,350 | \$ 0 |
| Other professional fees | 145,376 | 31,609 | 0 | 104,991 | 0 | 281,976 | 10,000 |
| Supplies | 0 | 0 | 0 | 8,897 | 0 | 8,897 | 0 |
| Telecommunications | 0 | 1,105 | 0 | 7,409 | 0 | 8,514 | 0 |
| Postage | 0 | 0 | 0 | 13 | 0 | 13 | 0 |
| Occupancy | 54,222 | 638,178 | 0 | 120,837 | (421,250) | 391,987 | 0 |
| Interest | 278,111 | 251 | 0 | 40 | 0 | 278,402 | 232 |
| Insurance | 61,001 | 7,165 | 0 | 27,555 | 0 | 95,721 | 0 |
| Equipment rental and maintenance | 0 | 1,813 | 0 | 27,668 | 0 | 29,481 | 0 |
| Travel and transportation | 0 | 0 | 0 | 430 | 0 | 430 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 |
| Depreciation and amortization | 423,198 | 0 | 0 | 0 | 0 | 423,198 | 0 |
| Total operating expenses | 991,058 | 681,621 | 0 | 300,540 | (421,250) | 1,551,969 | 35,232 |
| Excess (deficit) from operations | (336,738) | (313,719) | 5,000 | 158,846 | 0 | (486,611) | 109,087 |

See Independent Auditors' Report on Supplementary Information.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Consolidating Statement of Activities - 1770 Tchoupitoulas

For The Year Ended June 30, 2014

With Summarized Comparative Information For The Year Ended June 30, 2013

| | <u>Tchoupitoulas Apartments</u> | <u>Master Tenant</u> | <u>Sale of Tchoupitoulas</u> | <u>Centennial Place Apartments</u> | <u>Eliminations</u> | <u>Consolidated</u> | |
|---|-------------------------------------|--------------------------|----------------------------------|--|---------------------|---------------------|----------------|
| | | | | | | 2014 | 2013 |
| OTHER ACTIVITIES | | | | | | | |
| Non-operating revenue: | | | | | | | |
| Gain (loss) on disposition of assets | \$ 0 | \$ 0 | \$ (120) | \$ 0 | \$ 0 | \$ (120) | \$ (1,112,690) |
| Surplus (deficit) from other activities | 0 | 0 | (120) | 0 | 0 | (120) | (1,112,690) |
| Change in net assets from operations | (336,738) | (313,719) | 4,880 | 158,846 | 0 | (486,731) | (1,003,603) |
| Other changes in net assets | 25,000 | 356,821 | 0 | (90,057) | 0 | 291,764 | 12,200 |
| Change in net assets | (311,738) | 43,102 | 4,880 | 68,789 | 0 | (194,967) | (991,403) |
| Net assets, beginning of year | 299,453 | 29,720 | 39,559 | 0 | 0 | 368,732 | 1,360,135 |
| Net assets, end of year | \$ (12,285) | \$ 72,822 | \$ 44,439 | \$ 68,789 | \$ 0 | \$ 173,765 | \$ 368,732 |

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XI

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
General and Limited Partnerships' Debt
June 30, 2014

| | |
|--|----------------------|
| Two (2) notes payable to the Louisiana Housing Finance Agency with maturity dates of August 31, 2044 and May 20, 2045 with an interest rate of 0% secured as CDBG Piggyback Program Leasehold Mortgage on Chateau Carre' and New Covington | \$ 16,143,249 |
| Two (2) notes payable to the Louisiana Housing Finance Agency with maturity dates ranging from December 31, 2026 to May 20, 2045 with interest rates ranging from 4% to 4.35% for Chateau Carre' and New Covington | 4,222,694 |
| Three (3) notes payable to the VOANS CDC Sub I National Service, unsecured, with interest rates of 1% maturing on July 2, 2047 for 1770 Tchoupitoulas | 8,160,000 |
| One (1) note payable to the ESIC New Market Partners XLVII LP with interest rate of 1%, maturing on July 2, 2047 for 1770 Tchoupitoulas | 9,700,000 |
| Two (2) notes payable to First NBC Bank secured by land and buildings with maturity dates of June 16, 2016 and December 9, 2029 and interest rates of 6.5% and 7% for Chateau Carre' and New Covington | 3,650,156 |
| One (1) note payable to Capital One National Association secured by land and buildings with a maturity date of June 9, 2016 and an interest rate of 5.9% for Bayou Cane | <u>203,863</u> |
| Total | <u>\$ 42,079,962</u> |

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XI

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
General and Limited Partnerships' Debt, Continued
June 30, 2014

Scheduled principal payments due on the above notes payable subsequent to June 30, 2014
are as follows:

| | | |
|------------|----|-------------------|
| 2015 | \$ | 420,228 |
| 2016 | | 219,932 |
| 2017 | | 223,509 |
| 2018 | | 227,561 |
| 2019 | | 477,893 |
| Thereafter | | <u>40,510,839</u> |
| Total | \$ | <u>42,079,962</u> |

See Independent Auditors' Report on Supplementary Information.



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

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

(Retired)
Michael B. Bruno, CPA (2011)

**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, 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 consolidated financial statements of **Renaissance Neighborhood Development Corporation (the Organization)** (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated 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 December 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered **the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Organization's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Organization'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.

**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
Renaissance Neighborhood Development Corporation

Internal Control Over Financial Reporting, continued

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Organization's** consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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*.

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.

**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
Renaissance Neighborhood Development Corporation

Purpose of this Report, continued

Additionally, this report is intended solely for the information and use of management, others within **the Organization**, the Board of Directors, the Louisiana Legislative Auditor 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
New Orleans, Louisiana

December 12, 2014

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I – Summary of Independent Auditors’ Results

1. Type of report issued on the financial statements: **Unmodified.**
2. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
3. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None reported.**
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? **N/A.**
6. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **N/A.**
7. Type of report issued on compliance for major programs: **N/A.**
8. Did the audit disclose any audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a)? **N/A.**
9. Was a management letter issued? **N/A.**
10. Identification of Major Programs: **N/A.**
11. Dollar threshold used to distinguish between Type A and Type B Programs: **N/A**
12. Is the auditee a “low-risk” auditee, as defined by OMB Circular A-133? **NA/.**

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION
Summary Schedule of Prior Audit Findings

Financial Statement Findings

No matters were reported.

Federal Award Findings and Questioned Costs

Not Applicable

RENAISSANCE NEIGHBORHOOD DEVELOPMENT CORPORATION

Exit Conference

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

Renaissance Neighborhood Development Corporation

| | |
|-----------------------------|--|
| Mr. Leonard D. Simmons, Jr. | -- Board Chairman, RNDC |
| Mr. James M. LeBlanc | -- President/CEO VOA/GNO, Inc. |
| Mr. Mike King | -- President/CEO VOA, Inc. |
| Mr. Shawn Bloom | -- President/CEO National PACE Assn |
| Mr. Tom Turnbull | -- Chief Operating Officer, VOA, Inc. |
| Mr. Victor Smeltz | -- Executive VP, Housing, RNDC |
| Mr. Gary A. Zapata | -- VP Finance & Administration, VOA/GNO, Inc |
| Mr. Robert Gibson | -- VP Housing Opportunities & Financing |
| Ms. Germaine Gross | -- CFO, RNDC |

Bruno & Tervalon LLP, Certified Public Accountants

| | |
|----------------------------------|-----------------------|
| Mr. Alcide J. Tervalon, Jr., CPA | -- Managing Partner |
| Mr. Armand E. Pinkney | -- Engagement Manager |