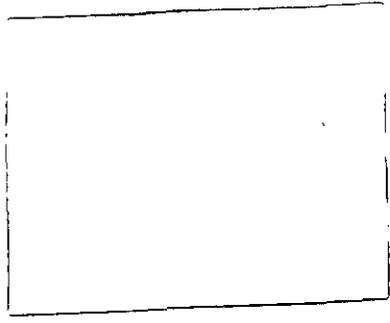


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**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

**COMBINED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNT**

DECEMBER 31, 2008

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

Release Date 7/29/09

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

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Justin J. Scanlan, C.H.A., F.F.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Orleans Neighborhood Development Foundation and Subsidiary
and Associated Neighborhood Development, Inc.

We have audited the accompanying combined statement of financial position of New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc. (non-profit corporations), as of December 31, 2008, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2007 financial statements and, in our report dated April 8, 2008, we express an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2009, on our consideration of New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc.'s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the combined financial statements of New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc. taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

Justin J. Scanlan, CPA, LLC

New Orleans, Louisiana
April 8, 2009

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008

ASSETS

		TOTAL MEMORANDUM ONLY <u>December 31, 2007</u>
Cash	\$ 638,901	\$ 657,605
Certificates of deposit	179,919	51,500
Investments (Notes A4 and B)	135,061	151,501
Receivables		
Grants (Notes A5 and C)	45,645	44,337
Other	<u>2,084</u>	<u>-</u>
	<u>47,729</u>	<u>44,337</u>
Prepaid expenses and deposits	7,400	-
Real Estate Held for Resale (Note A6)	403,331	106,571
Property and equipment-at cost (Notes A7 and D)	<u>2,579</u>	<u>4,090</u>
Total assets	<u>\$ 1,414,920</u>	<u>\$ 1,015,604</u>

LIABILITIES AND NET ASSETS

Note payable (Note E)	\$ 5,000	\$ 5,000
Accounts payable and accrued liabilities	33,162	35,427
Vested leave payable	<u>2,981</u>	<u>3,305</u>
Total liabilities	<u>41,143</u>	<u>43,732</u>
Commitment (Note F)	-	-
Net assets		
Unrestricted	1,373,777	896,872
Temporarily restricted	<u>-</u>	<u>75,000</u>
Total net assets	<u>1,373,777</u>	<u>971,872</u>
Total liabilities and net assets	<u>\$ 1,414,920</u>	<u>\$ 1,015,604</u>

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

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

COMBINED STATEMENT OF ACTIVITIES

For the year ended December 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY</u> For the year ended December 31, 2007
REVENUE				
Grant appropriations				
Governmental	\$ -	\$ 402,779	\$ 402,779	\$ 398,263
Other	-	176,625	176,625	44,231
Contributions	408,443	-	408,443	155,587
Real Estate Sales	-	-	-	129,256
Fees	25,018	-	25,018	41,196
Investment income (Note B)	< 20,297>	-	< 20,297>	13,088
Fund-raising, net of direct expenses \$8,467	79,703	-	79,703	-
Other	11,639	-	11,639	-
Net assets released from restrictions	<u>654,404</u>	<u>< 654,404></u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,158,910</u>	<u>< 75,000></u>	<u>1,083,910</u>	<u>781,621</u>
EXPENSES				
Program services				
Affordable housing program	<u>536,292</u>	<u>-</u>	<u>536,292</u>	<u>652,388</u>
Total program services	<u>536,292</u>	<u>-</u>	<u>536,292</u>	<u>652,388</u>
Supportive services				
Management and general	119,136	-	119,136	100,769
Fundraising	<u>26,577</u>	<u>-</u>	<u>26,577</u>	<u>13,752</u>
Total supportive services	<u>145,713</u>	<u>-</u>	<u>145,713</u>	<u>114,521</u>
Total expenses	<u>682,005</u>	<u>-</u>	<u>682,005</u>	<u>766,909</u>
Increase <decrease> in net assets	476,905	< 75,000>	401,905	14,712
Net assets, beginning of year	<u>896,872</u>	<u>75,000</u>	<u>971,872</u>	<u>957,160</u>
Net assets, end of year	<u>\$ 1,373,777</u>	<u>\$ -</u>	<u>\$ 1,373,777</u>	<u>\$ 971,872</u>

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

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2008

	PROGRAM SERVICES			SUPPORTING SERVICES		TOTAL
	Affordable Housing Program	Management and General	Fundraising	Total	For the year ended December 31, 2007	
Salaries	\$ 222,022	\$ 37,160	\$ 14,864	\$ 274,046	\$ 213,323	
Fringe benefits	40,714	5,574	2,229	48,517	32,505	
Travel	-	12,521	-	12,521	11,041	
Professional fees	147,595	16,425	1,566	165,586	35,627	
Operating services	3,663	2,400	-	6,063	40,842	
Occupancy	58,158	6,462	-	64,620	58,829	
Supplies	32,759	3,652	109	36,520	22,779	
Insurance	3,342	18,772	-	22,114	9,227	
Interest	182	-	-	182	5,238	
Construction costs	-	-	-	-	277,937	
Equipment expense	12,035	6,405	674	19,114	15,334	
Training	455	-	-	455	18,609	
Other costs	<u>15,367</u>	<u>9,765</u>	<u>7,135</u>	<u>32,267</u>	<u>25,618</u>	
Total expenses	<u>\$ 536,292</u>	<u>\$ 119,136</u>	<u>\$ 26,577</u>	<u>\$ 682,005</u>	<u>\$ 766,909</u>	

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

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2008

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 401,905
Adjustments to reconcile increase in net assets to net assets provided by operating activities:		
Depreciation	\$ 1,511	
Unrealized depreciation of investment securities	32,987	
Donation of Real Estate Held for Resale	<231,760>	
Changes in assets and liabilities:		
Increase in grants receivable	< 1,308>	
Increase in other receivables	< 2,084>	
Increase in prepaid expenses and deposits	< 7,400>	
Decrease in accounts payable and accrued liabilities	< 2,265>	
Decrease in vested leave payable	< 324>	< 210,643>
Net cash provided by operating activities		<u>191,262</u>
Cash flows from investing activities:		
Purchase of certificates of deposit		< 128,419>
Purchase of investment securities		< 16,547>
Purchase of Real Estate Held for Resale		< 65,000>
Net cash used in investing activities		<u>< 209,966></u>
Net decrease in cash and cash equivalents		< 18,704>
Cash and cash equivalents, beginning of year		<u>657,605</u>
Cash and cash equivalents, end of year		<u>\$ 638,901</u>

Cash flow information:

Interest Paid	\$ 182
Donation of Real Estate Hold for Resale	\$ 231,760

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

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Nature of Activities

The New Orleans Neighborhood Development Foundation (“the Foundation”) was incorporated under the laws of the State of Louisiana on April 15, 1986. Its mission is to help low and moderate income families become homeowners, with the specific aim of placing at least 100 low and moderate income families in their own homes each year.

Associated Neighborhood Development, Inc. (AND), was organized on September 16, 1996 as a Louisiana corporation. The operations of AND consist of building and selling houses.

NDF Development, LLC, of which the Foundation is the sole member, was organized on September 11, 2001 as a Louisiana limited liability company. The operations of NDF Development, LLC, consist of building and selling houses. There were no material transactions for the year ended December 31, 2008.

2. Financial Statement Presentation

The corporation’s financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, “Financial Statements of Not-For-Profit Organizations”, dated June, 1993. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Project and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the Project maintains them permanently. Generally, the donors of these assets permit the Project to use all or part of the income earned on related investments for general or specific purposes.

There were no permanently restricted net assets.

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Revenue Recognition

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends on purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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

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

4. Investments

Investments are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set for in the Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under Statement of Financial Accounting Standards No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

5. Receivables

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

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Real Estate Held for Resale

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

7. Property and equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended December 31, 2008 totaled \$1,511.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

8. Cash equivalents

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

9. Estimates

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

10. Fair Values of Financial Instruments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments. The fair values of marketable securities are based on quoted market prices for those or similar investments.

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Functional Allocation of Expenses

The expenses of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

12. Total Columns of Combined Statements

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - INVESTMENTS

Investments consist of the following as of December 31, 2008:

	Cost	Fair Market Values
Mutual Funds	\$ 159,847	\$ 134,500
Closely-held corporate stock	<u>561</u>	<u>561</u>
	<u>\$ 160,408</u>	<u>\$ 135,061</u>

The unrealized depreciation for the year ended December 31, 2008 totaled \$32,987. The unrealized depreciation as of December 31, 2008 totaled \$25,347.

Investment income consists of the following as of December 31, 2008:

Interest income	\$ 4,208
Dividend income	8,482
Unrealized depreciation of investment securities	<u>< 32,987 ></u>
	<u>\$ < 20,297 ></u>

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE C – GRANT RECEIVABLES

The grant receivables consist of the following as of December 31, 2008:

State of Louisiana	\$ 23,207
City of New Orleans	<u>22,438</u>
	<u>\$ 45,645</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2008:

Office furniture and equipment	\$ 63,975
Less accumulated depreciation	<u>< 61,396 ></u>
	<u>\$ 2,579</u>

NOTE E – NOTES PAYABLE

Note payable consists of the following as of December 31, 2008:

Note payable - unsecured to a foundation, dated August 29, 1990, bearing zero interest, payable in annual installments of \$1,250, maturing August 29, 2010	<u>\$ 5,000</u>
---	-----------------

The aggregate maturities of the note payable following the year ended December 31, 2008 are as follows:

<u>Year ended</u> <u>December 31</u>	
2009	\$ 3,750
2010	<u>1,250</u>
	<u>\$ 5,000</u>

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE F - COMMITMENT

The Foundation leases office space for its administrative and program offices under an operating lease in New Orleans, Louisiana. The lease expires March 14, 2010. The rental expense for the year ended December 31, 2008 totaled \$48,220.

These lease commitment is as follows:

Year ended <u>December 31,</u>	
2009	\$ 44,760
2010	<u>11,190</u>
	<u>\$ 55,950</u>

NOTE G - RETIREMENT ARRANGEMENT

The Foundation has a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Foundation. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Foundation made no contributions for the year ended December 31, 2008.

NOTE H - CONCENTRATION OF CREDIT RISK

The corporation maintains its cash balances at several financial institutions. The following cash balances do not reflect outstanding checks:

Financial institutions – bank	\$ 703,770
Brokerage accounts – money market account invested in U. S. Treasuries	<u>72,730</u>
	776,500
FDIC, FSLIC, and SPIC insurance	<u>< 776,500 ></u>
Unsecured cash balances	<u>\$ -</u>

NOTE I – INCOME TAXES

The New Orleans Neighborhood Development Foundation and the Associated Neighborhood Development, Inc. are exempt from corporate income taxes under the Internal Revenue Code. They are exempt under Section 501(c)(3) of the Internal Revenue Code.

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE J – BOARD OF DIRECTOR’S COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE K – FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards Board No. 157, Fair Value Measurement (SFAS 157), requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of SFAS 157 are included in the table below.

		<u>Fair Value Measurement of Reporting Date</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Cash and cash equivalents	\$ 638,901	\$ 638,901	\$ -	\$ -
Certificates of deposit	179,919	179,919	-	-
Investments	135,061	134,500	-	561
Receivables and other assets	55,129	55,129	-	-
Financial Liabilities:				
Accounts payment and accrued liabilities	<u>< 41,143 ></u>	<u>< 41,143 ></u>	<u>-</u>	<u>-</u>
	<u>\$ 967,867</u>	<u>\$ 967,306</u>	<u>\$ -</u>	<u>\$ 561</u>

The assumptions to estimate fair values are as follows:

1. Cash and cash equivalents, and certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
2. The fair market value of marketable securities are based on quoted market prices for those or similar investments. The fair value of the closely-held corporate stock is undeterminable and negligible.
3. Receivables and liabilities are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk.

SUPPLEMENTAL INFORMATION

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

COMBINING STATEMENT OF ACTIVITIES

For the year ended December 31, 2008

	NEW ORLEANS NEIGHBORHOOD DEVELOPMENT FOUNDATION	ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.	TOTAL
REVENUE			
Grant appropriations	\$ 406,966	\$ 172,438	\$ 579,404
Contributions	176,683	-	176,683
Investment income	< 20,297>	-	< 20,297>
Donations - real estate	-	231,760	231,760
Fund-raising, net	79,703	-	79,703
Other	<u>36,657</u>	-	<u>36,657</u>
Total revenues	<u>679,712</u>	<u>404,198</u>	<u>1,083,910</u>
EXPENSES			
Salaries	250,370	23,676	274,046
Fringe benefits	46,374	2,143	48,517
Travel	12,521	-	12,521
Professional fees	129,605	35,981	165,586
Operating services	5,784	279	6,063
Occupancy	59,040	5,580	64,620
Supplies	36,520	-	36,520
Insurance	18,772	3,342	22,114
Interest	182	-	182
Equipment expense	7,953	11,161	19,114
Training	455	-	455
Other costs	<u>27,347</u>	<u>4,920</u>	<u>32,267</u>
Total expenses	<u>594,923</u>	<u>87,082</u>	<u>682,005</u>
Increase <decrease> in net assets	84,789	317,116	401,905
Net assets , beginning of year	<u>663,590</u>	<u>308,282</u>	<u>971,872</u>
Net assets, end of year	<u>\$ 748,379</u>	<u>\$ 625,398</u>	<u>\$ 1,373,777</u>

Justin J. Scanlan, C.F.A., F.F.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

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

Board of Directors

New Orleans Neighborhood Development Foundation and Subsidiary
and Associated Neighborhood Development, Inc.

We have audited the financial statements of New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc. (non-profit corporations), as of and for the year December 31, 2008, and have issued our report thereon dated April 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. The significant deficiency is listed as item 2008-1.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Orleans Neighborhood Development Foundation and Subsidiary and Associated Neighborhood Development, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
April 8, 2009

**NEW ORLEANS NEIGHBORHOOD DEVELOPMENT
FOUNDATION AND SUBSIDIARY
AND
ASSOCIATED NEIGHBORHOOD DEVELOPMENT, INC.**

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2008

A. SIGNIFICANT DEFICIENCY

2008-1 Segregation of Duties

Condition: Due to the size of the administrative staff, the corporation is too small to effect a meaningful segregation of duties.

Criteria: The accounting functions should be performed by a few individuals to assure a proper segregation of duties.

Effect: The organization is unable to assure that its assets are properly safeguarded.

Questioned Costs: Not applicable.

Recommendation: The Board of Directors should be involved in the review of monthly financial statements and financial discussions.

Response: See Corrective Action Plan.

B. QUESTIONED COSTS

There were no questioned costs for the year ended December 31, 2008.

C. STATUS OF PRIOR YEAR AUDIT FINDINGS

<u>Material Weaknesses</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding Number</u>
2007-1 Segregation of Duties		X	2008-1
2007-2 Financial Reporting	X		



NEIGHBORHOOD DEVELOPMENT FOUNDATION
NEW ORLEANS, LA
(504) 488-0155 • (504) 483-6764 Fax

CORRECTIVE ACTION PLAN

The Corrective Action Plan is as follows:

2008-1 Separation of Duties

Because of the small number of staff, the Agency is unable to correct this issue. The NDF Executive Committee will continue to monitor and be actively involved in the financial affairs of the organization.