

July 9, 2025

Larry Barabino, Jr., CEO
New Orleans Recreation Development Commission
5430 Franklin Avenue
New Orleans, LA 70122

Cheryl Mendy, Administrator
New Orleans Recreation Development Foundation
5430 Franklin Avenue
New Orleans, LA 70122

Re: NORD Commission and NORD Foundation Annual Audit Requirements

Dear Mr. Barabino and Ms. Mendy:

The Office of Inspector General (OIG) is authorized to comment on “rules, regulations, policies, procedures, and transactions” for the purpose of preventing fraud, waste, and abuse, or promoting efficient and effective government.¹ This letter addresses the New Orleans Recreation Development Commission’s (NORDC, the Commission) and the New Orleans Recreation Development Foundation’s (the Foundation) failure to meet their legal obligations to obtain audits and sworn financial statements.

The mission of NORDC was to “advance the physical, mental, and social well-being of New Orleanians by providing safe and welcoming environments for recreational, athletic, and cultural experiences.”² As such, NORDC played a crucial role in the lives of many of our city’s citizens, particularly those young people who participated in sports programming. The City of New Orleans’ (the City) 2025 Adopted Annual Operating Budget allocated \$22,359,556 to NORDC, an increase of \$2,290,496 from the previous year.³ This significant investment of public resources supported playgrounds, athletics, and leisure activities throughout the city.

NORDC received additional funding from the NORD Foundation, a 501(c)(3) nonprofit organization whose mission was to “support, promote, stimulate public interest in, and raise and distribute funds to benefit the construction, creation, preservation, and maintenance of public parks and playgrounds, recreational facilities, and recreational and other leisure programs and activities in

¹ City Charter Sec. 9-401(2); City Code Sec. 2-1120(2) and (10)(f).

² City of New Orleans, *2025 Adopted Annual Operating Budget* (New Orleans, LA: City of New Orleans, 2024), <https://nola.openbook.questica.com/#/budget-book/20f8ecf6-1840-492b-86e1-d967d9792842/10328772-2e8a-44ea-8392-a41b49d4887f>.

³ Ibid.

Orleans Parish, State of Louisiana.”⁴ According to its 2023 tax filing, the Foundation received \$1,130,134 in revenue and provided \$965,145 of support for NORDC programs in that year. NORDC, the Foundation, and the City operated under a Cooperative Endeavor Agreement (CEA) that outlined the obligations of each entity. When the CEA was renewed in 2023, the parties added a requirement that NORDC pay the Foundation \$150,000 per year for audits, consultants, grant writers, administrative positions, marketing, and operations.⁵

NORDC Did Not Conduct Annual Audits as Required by Law

According to the City Charter, NORDC was required to “prepare and transmit to the Mayor, Council and Inspector General of the City of New Orleans an independent audit prepared by a Certified Public Accountant or firm of Certified Public Accountants within 120 days of the end of its fiscal year.”⁶ The Charter further provided that “[n]otwithstanding the preparation and transmittal of such an audit by the Commission, the Council may include the Commission in the independent audit authorized pursuant to Section 6-107 of this Charter.”⁷ As such, the Charter allowed the City Council to include NORDC in its citywide audit but did not relieve NORDC of its own obligation to obtain an independent audit each year.⁸ Despite this, NORDC administrators informed the OIG that NORDC was not required to conduct annual audits because it was included in the citywide audit secured by the City Council.

Unlike most City departments, NORDC was led by a CEO, who reported to the Commission rather than to the mayor or other City officials.⁹ This placed NORDC more in line with other boards and commissions of the City, such as the Audubon Commission and the Downtown Development District, both of which produced independent annual audits.¹⁰ Further, the citywide audit failed to meet NORDC’s independent audit obligation because the City did not file its audit within the 120-day deadline established in the Charter for NORDC’s audit.¹¹ For example, the City’s most recent audit, which covered 2023, was not completed until July 1, 2024, making it at least 60 days late for the Charter’s deadline regarding NORDC’s audit.¹²

In response to the OIG’s request for its last three years of audits, NORDC provided compliance monitoring clearance letters for Community Development Block Grant funds received from the U.S.

⁴ New Orleans Recreation Development Foundation, Articles of Incorporation of New Orleans Recreation Development Foundation, December 1, 2010.

⁵ *Cooperative Endeavor Agreement By and Between the City of New Orleans, the New Orleans Recreation Development Commission, and the New Orleans Recreation Development Foundation*, No. K23-710, June 30, 2023.

⁶ City Charter Sec. 5-1003(3).

⁷ *Ibid.*; The City Council’s obligation to secure an audit of the City’s accounts is set forth in section 6-108 of the City Charter, not section 6-107 as referenced in section 5-1003 of the Charter.

⁸ *Ibid.*

⁹ City Code Sec. 2-318(d).

¹⁰ La. R.S. 33:2740.3 and La. R.S. 56:1762.

¹¹ *Ibid.*

¹² Carr, Riggs & Ingram, LLC, *City of New Orleans, Louisiana Annual Comprehensive Financial Report December 31, 2023 (With Independent Auditors’ Report Thereon)* (Metairie, LA: Carr, Riggs & Ingram, LLC, July 1, 2024), [https://app2.lla.state.la.us/publicreports.nsf/0/e7cbe82db5a1a1fa86258b56003f6db1/\\$file/00005141.pdf?openelement&.7773098](https://app2.lla.state.la.us/publicreports.nsf/0/e7cbe82db5a1a1fa86258b56003f6db1/$file/00005141.pdf?openelement&.7773098).

Department of Housing and Urban Development. The clearance letters were produced by the City's Office of Housing Policy and Community Development, and included findings and recommended corrective actions. However, the Commission did not provide any independent audits.

The NORD Foundation Did Not Obtain Sworn Financial Statements

The NORD Foundation was a non-profit corporation created in 2010 for the public purpose of supporting athletics and recreation in New Orleans.¹³ The Foundation received money from public entities, including the State of Louisiana, the City of New Orleans, and boards or commissions of the City of New Orleans in both 2022 and 2023. As such, Louisiana law classified the NORD Foundation as a quasi-public body for the purposes of audit requirements.¹⁴

State audit law required quasi-public bodies like the Foundation to complete sworn annual financial statements and submit them to the Louisiana Legislative Auditor (LLA) each year.¹⁵ An entity that received between \$200,000 and \$500,000 dollars of revenue in a fiscal year was required to obtain an "annual review of its financial statements to be accompanied by an attestation report in accordance with the Louisiana Governmental Audit Guide."¹⁶ An entity that received \$500,000 dollars or more of revenue was required to obtain an annual audit.¹⁷ According to the *Louisiana Governmental Audit Guide*, the attestation and audit reports must be prepared by an independent Certified Public Accountant (CPA).¹⁸

A review of the NORD Foundation's federal tax filings revealed that the organization received revenue of \$374,421 and \$1,130,134 in 2022 and 2023, respectively. Therefore, in accordance with state law, the Foundation was required to obtain an annual review of financial statements and an attestation report from an independent CPA in 2022.¹⁹ In 2023, the Foundation should have produced and submitted an audit to the LLA.²⁰

In the course of this review, however, the OIG learned that the Foundation had not obtained independent audits or sworn financial statements since 2021 and that any previous audits or annual reviews of the Foundation had not been submitted to the LLA as required by state law. A Foundation representative informed OIG evaluators that an audit was not required because the Foundation did not receive federal money. However, state law did not predicate an entity's audit requirements on the receipt of federal funding.

A Foundation representative also explained that the Foundation stopped obtaining audits in recent years as a cost saving measure. As mentioned above, the Foundation revised its longstanding CEA with the City in 2023 to provide money the Foundation could use for audits, among other things. In

¹³ NORD Foundation, Articles of Incorporation.

¹⁴ La. R.S. 24:513(A)(1)(b).

¹⁵ La. R.S. 24:514.

¹⁶ La. R.S. 24:513(J)(1)(c)(iii).

¹⁷ La. R.S. 24:513(J)(1)(c)(iv).

¹⁸ Louisiana Legislative Auditor, *Louisiana Governmental Audit Guide* (Baton Rouge, LA: Louisiana Legislative Auditor, 2024), 238.

¹⁹ La. R.S. 24:513(J)(1)(c)(iii).

²⁰ La. R.S. 24:513(J)(1)(c)(iv).

2023, the Foundation received \$150,000 from NORDC pursuant to the CEA.²¹ Although the CEA was renewed in 2024, entitling the Foundation to an additional \$150,000, a Foundation representative stated the Foundation had not requested the payments it was entitled to under the CEA for either 2024 or the beginning of 2025 because they had not yet expended the \$150,000 disbursement from 2023.²² Therefore, the Foundation had at least \$150,000 of unspent and uncollected CEA funds with which it could obtain audits.

Conclusion

Sports and recreation opportunities are crucial to the well-being of New Orleanians. Studies have shown that athletics and other physical activities, like those sponsored by NORDC and funded by the NORD Foundation, are associated with increased confidence, lower rates of depression, decreased risk of substance abuse, increased cardiovascular health, and reduced cancer risk for youth.²³ Physical activity benefits adults as well, providing protection from cognitive decline as people age.²⁴

The importance of these activities, combined with the more than \$22M investment of public and private money in NORDC, make it imperative that NORDC and the NORD Foundation adhere to the highest standards of financial stewardship. The OIG recommends NORDC and the NORD Foundation immediately begin taking the steps necessary to become compliant with all legal obligations for financial reporting by the end of 2026. These efforts should include obtaining independent audits or sworn financial statements each year. Further, to promote transparency, NORDC and the NORD Foundation should submit their annual financial statements to city and state authorities according to governing laws. Doing so will make the organizations more accountable to their governing boards, to each other, and to the public.

Sincerely,



Edward Michel, CIG
Inspector General

²¹ CEA, No. K23-710, June 30, 2023.

²² Cooperative Endeavor Agreement By and Between the City of New Orleans, the New Orleans Recreation Development Commission, and the New Orleans Recreation Development Foundation, No. K24-879, October 8, 2024.

²³ President's Council on Sports, Fitness & Nutrition Science Board, *Benefits of Youth Sports* (President's Council on Sports, Fitness & Nutrition Science Board, 2020), https://odphp.health.gov/sites/default/files/2020-09/YSS_Report_OnePager_2020-08-31_web.pdf.

²⁴ F. Sofi et al., "Physical Activity and Risk of Cognitive Decline: A Meta-analysis of Prospective Studies," *Journal of Internal Medicine* 269, no. 1 (January 2011): 107-117.