

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT**

DECEMBER 31, 2018

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Orleans Regional Business Development Loan Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of New Orleans Regional Business Development Loan Corporation (non-profit organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Regional Business Development Loan Corporation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements 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. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of New Orleans Regional Business Development Loan Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Orleans Regional Business Development Loan Corporation's internal control over financial reporting and compliance.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
March 28, 2019

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Current assets		
Cash		\$ 3,791,045
Certificates of deposit		1,000,000
Receivables		
Grant (Note B)	\$ 142	
Interest	<u>9,078</u>	9,220
Loans		
Loans (Note A5)	\$ 11,515,924	
Less reserve for possible loan losses (Notes A6 and C)	<u>< 436,819 ></u>	11,079,105
Prepaid expenses and deposits		<u>4,405</u>
Total current assets		<u>15,883,775</u>
Other assets		
Investment in Business Resource Capital Specialty BIDCO, Inc. (Notes A8 and D)		<u>1,170,077</u>
Total assets		<u>\$ 17,053,852</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities		\$ <u>65,415</u>
Total current liabilities		<u>65,415</u>
Other liabilities		
Due to State of Louisiana, Division of Administration, Office of Community Development		<u>974,608</u>
Total liabilities		<u>1,040,023</u>
Contingencies and commitment (Note F)		-
Net assets		
Without donor restrictions		13,397,033
With donor restrictions (Note M)		<u>2,616,796</u>
Total net assets		<u>16,013,829</u>
Total liabilities and net assets		<u>\$ 17,053,852</u>

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

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

STATEMENT OF ACTIVITIES

For the year ended DECEMBER 31, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE			
Program interest and fees	\$ 399,188	\$ 112,397	\$ 511,585
SBA service and processing fees	150,353	-	150,353
Interest income	21,434	-	21,434
Grant appropriations	-	33,248	33,248
Management fees-Business Resource Capital Specialty BIDCO, Inc.	120,000	-	120,000
Equity interest in earnings <loss> of Business Resource Capital Specialty BIDCO, Inc.	<25,903>	-	<25,903>
Net assets released from restrictions	<u>144,346</u>	<u><144,346></u>	<u>-</u>
Total revenues	<u>809,418</u>	<u>1,299</u>	<u>810,717</u>
EXPENSES			
Salaries	558,926	-	558,926
Fringe benefits	94,553	-	94,553
Professional services	34,876	-	34,876
Rent	52,864	-	52,864
Telephone	8,882	-	8,882
Printing	775	-	775
Insurance	14,855	-	14,855
Travel	1,267	-	1,267
Office expense	9,383	-	9,383
Repairs and maintenance	3,974	-	3,974
Postage	2,728	-	2,728
Dues and subscriptions	5,176	-	5,176
Bad debt provision (Note C)	25,630	-	25,630
Other	15,507	-	15,507
Advertising (Note N)	<u>4,325</u>	<u>-</u>	<u>4,325</u>
Total expenses	<u>833,721</u>	<u>-</u>	<u>833,721</u>
Increase <decrease> in net assets	<24,303>	1,299	<23,004>
Net assets, beginning of year	<u>13,421,336</u>	<u>2,615,497</u>	<u>16,036,833</u>
Net assets, end of year	<u>\$ 13,397,033</u>	<u>\$ 2,616,796</u>	<u>\$ 16,013,829</u>

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

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

STATEMENT OF CASH FLOWS

For the year ended DECEMBER 31, 2018

Increase <decrease> in cash and cash equivalents	
Cash flows from operating activities:	
Change in net assets	\$ <23,004>
Provision for bad debts	29,059
<Increase> decrease in grant receivable	71,630
<Increase> decrease in interest receivables	< 2,513>
Increase <decrease> in accounts payable and accrued liabilities	<u>< 24,760></u>
Net cash provided by <used in> operating activities	<u>50,412</u>
Cash flows from investing activities:	
Loans, net of principal collections	203,621
Equity interest in loss (income) of Business Resource Capital Specialty BIDCO, Inc.	<u>25,903</u>
Net cash provided by <used in> investing activities	<u>229,524</u>
Cash flows from financing activities:	
Increase in amount due to State of Louisiana, Division of Administration, Office of Community Development	<u>247,564</u>
Net cash provided by <used in> financing activities	<u>247,564</u>
Net increase <decrease> in cash and cash equivalents	527,500
Cash and cash equivalents, beginning of year	<u>3,263,545</u>
Cash and cash equivalents, end of year	<u>\$ 3,791,045</u>

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

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Nature of Activities

New Orleans Regional Business Development Loan Corporation is a non-profit corporation organized under the laws of the State of Louisiana. The corporation is organized to promote and encourage economic development in thirteen Louisiana parishes in order to ensure greater and more employment opportunities, to encourage and assist growth and development of business concerns and to stimulate, encourage and create the expansion of businesses and industries.

2. Financial Statement Presentation

Net assets and revenue, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of New Orleans Regional Business Development Loan Corporation and changes therein are classified and reported as follows:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of New Orleans Regional Business Development Loan Corporation or by the passage of time.

3. Revenue Recognition

Contributed support is reported as Without Donor Restrictions or With Donor Restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restrictions are reclassified to without donor restrictions and reported in the statement of activity as “net assets released from restrictions”.

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

4. 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 REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Loans

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

Management reviews the Corporation's loan portfolio to determine the existence of and extent of which notes are subject to special consideration as to any doubt regarding their collectibility. All nonaccrual loans are considered to be impaired in accordance with FASB ASC 310. When, in management's judgment, a loan is determined to be of doubtful collectibility, the loan is charged to the Reserve for Loan Losses, subject to approval from the funding source, if applicable.

Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of the note is doubtful. As of December 31, 2018, non-accrual loans totaled \$78,692. The loan commitments at December 31, 2018 totaled \$1,011,500.

6. Provision and Reserve for Loan Losses

The reserve for possible loan losses is maintained to provide for possible losses inherent in the loan portfolio. The financial statements are prepared in accordance with FASB ASC 310. The reserve for possible loan losses related to loans that are identified as impaired is based upon discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral.

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

7. Property and equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized when the acquisition cost exceeds \$5,000. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. There was no depreciation expense for the year ended December 31, 2018.

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Investments

Investment in the common stock of Business Resource Capital Specialty BIDCO, Inc. is stated at cost, adjusted for the Corporation's proportionate share of its undistributed earnings or losses since the date of acquisition.

9. Cash equivalents

The Corporation considers demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

11. Funding

Funds available for the business loan program are provided by grants from the United States Small Business Administration (SBA), the Department of Commerce through the Economic Development Administration (EDA) - Title IX, and the State of Louisiana, Division of Administration, Office of Community Development.

12. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (March 28, 2019).

13. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Functional Allocation of Expenses

The expense of providing the program and other activities has been summarized on a functional basis in Note P. Certain of these expenses have been allocated among the program and supporting services based on estimates by management of the costs involved.

NOTE B - GRANT RECEIVABLE

As of December 31, 2018, grant receivable consists of the following:

State of Louisiana, Division of Administration, Office of Community Development	\$ <u>142</u>
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NOTE C - RESERVE FOR LOAN LOSSES

A summary of the activity in the Reserve for Loan Losses for the year ended December 31, 2018 follows:

Balance at beginning of year	\$ 407,760
Provision charged to bad debt expense	25,630
Provision charged to due from funding source	7,429
Recoveries	-
Charge-off of loans	<u>< 4,000 ></u>
Balance at end of year	\$ <u>436,819</u>

NOTE D - INVESTMENT IN NEW ORLEANS BUSINESS RESOURCE CAPITAL SPECIALTY
BIDCO, INC.

In 1993, New Orleans Business Resource Capital Specialty BIDCO, Inc. was formed pursuant to the Louisiana Business Development Corporation Act. The Corporation is a mezzanine finance corporation which offers creative financing alternatives as provided for in the Act to targeted groups, with some equity participation.

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

**NOTE D - INVESTMENT IN NEW ORLEANS BUSINESS RESOURCE CAPITAL SPECIALTY
BIDCO, INC. - CONTINUED**

On June 3, 1993, the City of New Orleans, through the City of New Orleans Economic Development Trust Fund offered a grant to the New Orleans Regional Business Development Loan Corporation of \$1,000,000. This one-time grant was for the express purpose of providing seed money for New Orleans SBIDCO, Inc. This money was used to purchase approximately 24.6% of the common stock of New Orleans Business Resource Capital Specialty BIDCO, Inc. On December 15, 2017, a national banking association, donated 385,000 shares of stock of New Orleans Business Resource Capital Specialty BIDCO, Inc. to New Orleans Business Development Loan Corporation. The value of the donated stock was recorded at book value at date of donation. The additional shares increased its ownership to 34.03% of the common stock.

As of and for the year ended December 31, 2018, the New Orleans Business Resource Capital Specialty BIDCO, Inc.'s audited financial statements reflected net loss of \$76,117. The Corporation's financial statements have been adjusted to reflect its equity interest in the net earnings.

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

New Orleans Regional Business Development Loan Corporation maintains adequate operating reserves. The current financial assets totaled \$4,499,701 at December 31, 2018 are available for general expenditures, that is, without donor or other restrictions limiting their use.

As part of New Orleans Regional Business Development Loan Corporation's liquidity management, it primarily maintains its current assets in cash and cash equivalents.

NOTE F – CONTINGENCIES AND COMMITMENT

The company is a party to certain legal proceedings arising from matters incidental to its business. Management is of the opinion that these actions will not have a material effect on the financial position or changes in net assets of the Corporation.

New Orleans Regional Business Development Loan Corporation leases office space for its administrative and program office in New Orleans, Louisiana. The lease expires October 31, 2021. The rental expense for the year ended December 31, 2018 totaled \$52,864.

The lease commitment is as follows:

Year ended December 31,	
2019	\$ 52,864
2020	52,864
2021	<u>44,053</u>
	<u>\$ 149,781</u>

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

NOTE G - RELATED PARTY TRANSACTIONS

The corporation entered into a management service agreement with New Orleans Business Resource Capital Specialty BIDCO, Inc. for a fee which totaled \$120,000 for the year ended December 31, 2018. The corporation owns approximately 34.03% of the common stock of SBIDCO, Inc.

NOTE H – INCOME TAXES

New Orleans Regional Business Development Loan Corporation is exempt from corporate income taxes under the Internal Revenue Code under Section 501(c)(6).

The corporation has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The corporation does not believe its financial statements include any uncertain tax positions.

NOTE I - SMALL BUSINESS ADMINISTRATION LOANS

New Orleans Regional Business Development Loan Corporation is certified by the U. S. Small Business Administration as a local development company. The corporation utilizes all guarantee resources of the Small Business Administration. Before a debenture is sold, the corporation assigns all rights, title and interest in the loan to the Small Business Administration, and the debenture is funded and proceeds are used to fund the loan. There is minimal risk to the corporation for fees expended prior to funding the loans. At December 31, 2018, all loans appeared to be adequately funded, accordingly, no allowance for fees was considered necessary. The loans and corresponding debentures are not included in the corporation's assets or liabilities. The Corporation receives service fees on loans with an aggregate principal balance of approximately \$13,706,104 at December 31, 2018.

NOTE J - PENSION PLAN

The corporation has a defined contribution pension plan covering all full-time employees. The corporation contributes to the plan an amount equal to 5% of the total employee's compensation. There was no change in the contribution rate from the prior year. The pension expense for the year ended December 31, 2018 totaled \$29,379, which is included in fringe benefits cost in the Statement of Activities.

NOTE K - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2018.

NOTE L - CONCENTRATION OF CREDIT RISK

Loans are made primarily to entities in Southeast Louisiana.

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

NOTE L - CONCENTRATION OF CREDIT RISK - CONTINUED

As of December 31, 2018, the unsecured cash balances consist of the following:

Bank balance, including outstanding checks		\$ 4,792,624
Less: FDIC insurance	\$ 2,153,482	
Pledged securities	<u>2,639,142</u>	<u>< 4,792,624 ></u>
Unsecured cash balance		\$ <u>-0-</u>

NOTE M – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2018, temporarily restricted net assets consist of the following:

Economic Development Administration	<u>\$ 2,616,796</u>
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NOTE N – ADVERTISING EXPENSES

Advertising expenses are expensed as incurred. The advertising costs for the year ended December 31, 2018 totaled \$4,325.

NOTE O – FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB ASC 820-10 Fair Value Measurement 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 are included in the table below.

Fair Value Measurement of Reporting Date

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	\$ -	\$ -

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2018

NOTE O – FAIR VALUES OF FINANCIAL INSTRUMENTS - CONTINUED

The assumptions to estimate fair values are as follows:

Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTE P – FUNCTIONAL EXPENSES

Functional expenses at December 31, 2018 consist of the following:

	PROGRAM SERVICES LOAN OPERATION AND SERVICING	SUPPORTIVE SERVICES MANAGEMENT AND GENERAL	TOTAL
EXPENSES			
Salaries	\$ 336,205	\$ 222,721	558,926
Fringe benefits	55,273	39,280	94,553
Professional services	15,484	19,392	34,876
Rent	32,996	19,868	52,864
Telephone	5,639	3,243	8,882
Printing	458	317	775
Insurance	8,186	6,669	14,855
Travel	999	268	1,267
Office expense	3,644	5,739	9,383
Repairs and maintenance	2,430	1,544	3,974
Postage	1,611	1,117	2,728
Dues and subscriptions	308	4,868	5,176
Bad debt expenses	25,630	-	25,630
Other	6,583	8,924	15,507
Advertising and public relations	<u>2,162</u>	<u>2,163</u>	<u>4,325</u>
Total expenses	<u>497,608</u>	<u>336,113</u>	<u>833,721</u>

SUPPLEMENTAL SCHEDULES

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

STATEMENT OF ACTIVITIES – BY PROGRAM

For the year ended December 31, 2018

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT ADMINISTRATION</u>	<u>BUSINESS RESOURCE CAPITAL SPECIALTY BIDCO ADMINISTRATIVE</u>	<u>LOUISIANA ECONOMIC DEVELOPMENT</u>	<u>RESTORE LOAN SMALL BUSINESS PROGRAM</u>	<u>TOTAL</u>
REVENUE						
Program interest and fees	\$ -	\$ 112,397	\$ -	\$ 399,188	\$ -	\$ 511,585
SBA service and processing fees	150,353	-	-	-	-	150,353
Interest income	21,434	-	-	-	-	21,434
Grant appropriations	-	-	-	-	33,248	33,248
Management fees-Business Resource Capital Specialty BIDCO, Inc.	-	-	120,000	-	-	120,000
Equity interest in earnings (loss) of Business Resource Capital Specialty BIDCO, Inc.	<25,903>	-	-	-	-	<25,903>
Total revenues	<u>145,884</u>	<u>112,397</u>	<u>120,000</u>	<u>399,188</u>	<u>33,248</u>	<u>810,717</u>
EXPENSES						
Salaries	222,721	101,777	94,553	113,784	26,091	558,926
Fringe benefits	39,280	17,199	13,915	20,443	3,716	94,553
Professional services	19,392	1,766	9,918	3,494	306	34,876
Rent	19,868	10,573	9,251	10,749	2,423	52,864
Telephone	3,243	1,452	2,371	1,487	329	8,882
Printing	317	149	130	158	21	775
Insurance	6,669	2,971	2,831	2,309	75	14,855
Travel	268	280	14	45	660	1,267
Office expense	5,739	442	2,679	464	59	9,383
Repairs and maintenance	1,544	795	698	821	116	3,974
Postage	1,117	525	470	544	72	2,728
Dues and subscriptions	4,868	-	308	-	-	5,176
Bad debt expenses	-	8,020	-	17,610	-	25,630
Other	8,924	2,347	1,766	2,029	441	15,507
Advertising and public relations	2,163	-	2,162	-	-	4,325
Total expenses	<u>336,113</u>	<u>148,296</u>	<u>141,066</u>	<u>173,937</u>	<u>34,309</u>	<u>833,721</u>
Increase <decrease> in net assets	<190,229>	< 35,899>	< 21,066>	225,251	< 1,061>	<23,004>
Transfer of net assets to/from general	165,926	37,198	21,066	< 225,251>	1,061	-
Net assets, beginning of year	<u>13,421,336</u>	<u>2,615,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,036,833</u>
Net assets, end of year	<u>\$ 13,397,033</u>	<u>\$ 2,616,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,013,829</u>

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2018

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass through State of Louisiana, Division of Administration, Office of Community Development			
Community Development Block Grant Disaster Recovery Program	B-16-DL-22-0001	14.228	\$ 33,248
Community Development Block Grant Disaster Recovery Program - 12/31/18 loan balance	-	14.228	<u>871,917</u>
Total U. S. Department of Housing and Urban Development			<u>905,165</u>
U. S. DEPARTMENT OF COMMERCE			
Economic Development Administration Title IX Revolving Loan Fund	-	11.307	111,098
Economic Development Administration Revolving Loan Program - 12/31/18 loan balance	-	11.307	<u>2,557,085</u>
Total U. S. Department of Commerce			<u>2,668,183</u>
Total expenditures of federal awards			<u>\$ 3,573,348</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of New Orleans Regional Business Development Loan Corporation under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Par 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Orleans Regional Business Development Loan Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Orleans Regional Business Development Loan Corporation.

B. Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

C. Indirect Cost Rate

New Orleans Regional Business Development Loan Corporation has not elected the 10% de minimis indirect cost rate.

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD OR
CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2018

Agency Head Name: T. H. Betz, Jr

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 176,683
Benefits – hospitalization	4,356
Retirement	8,834
Travel	894
Cellphone	842

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

A LIMITED LIABILITY COMPANY

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

Board of Directors
New Orleans Regional Business Development Loan 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 financial statements of New Orleans Regional Business Development Loan Corporation (non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Orleans Regional Business Development Loan Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Orleans Regional Business Development Loan Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of New Orleans Regional Business Development Loan Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 New Orleans Regional Business Development Loan Corporation'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*.

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.

Justin J. Scanlan, CPA, LLC

New Orleans, Louisiana
March 28, 2019

Justin J. Scanlan, C.P.A., P.C.C.

A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
New Orleans Regional Business Development Loan Corporation

Report on Compliance for Each Major Federal Program

We have audited New Orleans Regional Business Development Loan Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Orleans Regional Business Development Loan Corporation's major federal programs for the year ended December 31, 2018. New Orleans Regional Business Development Loan Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Orleans Regional Business Development Loan Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Orleans Regional Business Development Loan Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of New Orleans Regional Business Development Loan Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, New Orleans Regional Business Development Loan Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of New Orleans Regional Business Development Loan Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Orleans Regional Business Development Loan Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate to the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Orleans Regional Business Development Loan Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Justin J. Scudder, CPA, LLC

New Orleans, Louisiana
March 28, 2019

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

___ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

11.307

U. S. Department of Commerce
Economic Development Title IX
Revolving Loan Fund

14.228

U. S. Department of Housing and Urban
Development
Pass through the State of Louisiana,
Division of Administration, Office of
Community Development
Community Development Block Grant
Disaster Recovery Program

Dollar threshold used to distinguish between type A and B programs:

\$ 750,000

The loan programs administered by the auditee was deemed Type A programs.

Auditee qualified as low-risk auditee?

___ yes X no

NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT LOAN CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2018

B. FINANCIAL STATEMENTS FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2018.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.