Luther Speight & Company
Certified Public Accountants and Consultants

Celebrating 30 Years

NOLA BUSINESS ALLIANCE, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NOLA Business Alliance, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NOLA Business Alliance, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the NOLA Business Alliance, Inc.'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 NOLA Business Alliance, Inc.'s internal control over financial reporting and compliance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* 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 statements 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.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
June 20, 2019

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	4,215,727	$ 2,289,635
Accounts Receivable	3,372	-
Grants Receivable	-	195,432
Pledges Receivable	128,237	84,492
Prepaid Expenses	39,041	32,840
Deposits	26,819	6,785
Fixed Assets, net	144,493	42,611
Total Assets	4,557,689	2,651,795
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	259,269	269,534
Deferred Revenue	26,500	1,431,250
Fringe Benefit Liabilities	147,677	74,198
Deferred Rent Liability	-	438
Total Liabilities	433,446	1,775,420
Net Assets		
Without Donor Restrictions	4,119,568	816,700
With Donor Restrictions	4,675	59,675
Total Net Assets	4,124,243	876,375
TOTAL LIABILITIES & NET ASSETS	$ 4,557,689	$ 2,651,795

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Grant Revenue	$ 8,234,805	$ -	$ 8,234,805	$ 2,214,136	$ -	$ 2,214,136
Private Contributions	410,946	200,500	611,446	609,644	10,000	619,644
In-kind Contributions	-	-	-	13,411	-	13,411
Interest Income	18,575	-	18,575	8,572	-	8,572
Miscellaneous Revenue	44,583	-	44,583	45,256	-	45,256
Releases from Restrictions	255,500	(255,500)	-	111,187	(111,187)	-
Total Revenues and Other Support	8,964,409	(55,000)	8,909,409	3,002,206	(101,187)	2,901,019
EXPENSES						
Program Services	4,196,726	-	4,196,726	2,217,419	-	2,217,419
Management and General	970,919	-	970,919	489,321	-	489,321
Fundraising	493,896	-	493,896	354,275	-	354,275
Total Expenses	5,661,541	-	5,661,541	3,061,015	-	3,061,015
Change in Net Assets	3,302,868	(55,000)	3,247,868	(58,809)	(101,187)	(159,996)
Net assets, beginning of year	816,700	59,675	876,375	875,509	160,862	1,036,371
Net assets, end of year	$ 4,119,568	$ 4,675	$ 4,124,243	$ 816,700	$ 59,675	$ 876,375

The accompanying notes are an integral part of these financial statements

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMEBER 31, 2018 AND 2017

	Program Service	Management and General	Fundraising	2018 Total	2017 Total
Salaries & related expenses	$ 1,884,066	$ 682,737	$ 260,692	$ 2,827,495	$ 1,475,414
Sub-recipient expense	1,229,502	-	-	1,229,502	437,870
Professional services and fees	360,000	110,863	104,794	575,657	475,262
Conference & meeting expense	188,849	27,138	18,219	234,206	137,160
Rent & parking	83,472	12,894	39,293	135,659	133,917
Membership dues	121,168	4,269	642	126,079	20,145
Marketing expense	74,290	10,046	21,429	105,765	187,274
Sponsorships & Donations	99,183	-	-	99,183	-
Repairs & maintenance	-	75,348	-	75,348	2,907
Travel expense	41,974	5,417	4,586	51,977	31,227
Uncollectible pledge provision	-	-	30,697	30,697	43,500
Telephone & telecommunications	23,351	3,371	3,545	30,267	18,869
Insurance	20,426	3,021	3,572	27,019	19,965
Depreciation	19,357	2,683	2,821	24,861	13,430
Database & research expense	18,855	345	-	19,200	14,510
Office Supplies	3,941	12,121	136	16,198	9,791
Staff development	12,970	2,199	62	15,231	23,871
Office Expense	-	14,552	-	14,552	536
Printing & reproduction	8,655	1,307	1,440	11,402	7,459
Advertising	3,218	934	1,868	6,020	2,034
Subscriptions	3,292	400	100	3,792	4,700
Miscellaneous Expense	157	1,274	-	1,431	1,174
	$ 4,196,726	$ 970,919	$ 493,896	$ 5,661,541	$ 3,061,015

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 3,247,868	$ (159,996)
Adjustments to reconcile net income to net cash:		
Depreciation Expense	24,861	13,430
Changes in assets and liabilities		
(Increase)/Decrease in Receivables	148,315	(95,815)
(Increase)/Decrease in Prepaid Expenses	(6,201)	6,901
Increase in Other Current Assets	(20,034)	-
Increase/(Decrease) in Accounts Payable	(10,265)	86,133
Increase/(Decrease) in Deferred Revenue	(1,404,750)	855,272
Decrease in Deferred Rent Liability	(438)	(5,260)
Increase in Payroll Liabilities	73,479	7,936
Net Cash Provided by Operating Activities	2,052,835	708,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(126,743)	(19,247)
Net Cash Used by Investing Activities	(126,743)	(19,247)
Net change in cash and cash equivalents	1,926,092	689,354
Cash and cash equivalents - beginning of period	2,289,635	1,600,281
Cash and cash equivalents - end of period	$ 4,215,727	$ 2,289,635

The accompanying notes are an integral part to these financial statements.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

1. Nature of Activities

NOLA Business Alliance, Inc. (NOLABA, or the Organization) is a 501(c) (3) exempt organization. NOLABA was incorporated in the State of Louisiana in 2010 and is the official non-profit organization tasked with leading the economic development initiative for the City of New Orleans. Operations of the Organization began in fiscal year 2011.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised. In-kind donations are recognized at their fair market value when received.

Basis of presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as unrestricted.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)

At December 31, 2018, the Organization had $4,675 in net assets with donor restrictions.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred revenues

The Organization records revenues in the period the revenues are earned. As of December 31, 2018 and 2017, the Organization recorded deferred revenue of $26,500 and $1,431,250, respectively in the Statements of Financial Position. Deferred revenue consisted of the following:

	2018	2017
City of New Orleans	$ 26,500	$ 400,000
The Ford Foundation	-	1,000,000
Prepaid Contributions	-	25,000
Surdna Foundation, Inc.	-	6,250
	$ 26,500	$ 1,431,250

Income taxes

The Organization is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statues. The Organization paid no federal income tax for the years ended December 31, 2018 and 2017.

The Organization's tax returns for the years ended 2017, 2016, and 2015 remain open and subject to examination by taxing authorities. The organization's 2018 tax return has not yet been filed as of the report date.

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For the purposes of reporting cash flows, cash consists of cash and cash equivalents. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grant receivable

The Organization did not have any outstanding grants receivable at December 31, 2018. Grants receivable at December 31, 2017 is comprised of amounts due from the State of Louisiana-Department of Education and the City of New Orleans. The total amounts of grant receivable as of December 31, 2018 and 2017 are $0 and $195,9432, respectively. No allowance for doubtful accounts is recorded against this receivable.

Property and equipment

All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost when purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated over the shorter of the life of the asset or the life of the lease. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss included in the statement of activities.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. There were no impairments recognized during 2018 or 2017.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions based on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions.

2. Summary of Significant Accounting Policies (continued)

In-kind contributions

In-kind contributions are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no in-kind contributions made during the year ended December 31, 2018. Management has estimated the value of in-kind contributions to be $13,411 year ended December 31, 2017.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend on are substantially met and the promises become unconditional. The pledges receivable were recorded at $128,237 without an allowance for uncollectible pledges and without a discount on pledges receivable, resulting in a net pledges receivable of $128,237. The pledges receivable are expected to be collected as follows at December 31:

	2018	2017
In one year or less	$ 128,237	$ 75,020
Between one year and three years	-	10,000
Less:		
Present Value discount	-	(528)
Allowance for uncollectible pledges	-	-
Total Pledges Receivable	$ 128,237	$ 84,492

The Organization provides an estimate for uncollectible pledges receivable based on management's analysis of specific promises made. Management recorded a provision for uncollectible pledges totaling $30,697 for 2018. This provision included a direct write-off of outstanding pledges totaling $30,697. During the year ended December 31, 2017 the provision for uncollectible pledges was recorded at $43,500. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Advertising

Advertising costs are expensed in the period in which the advertising occurs. During 2018 and 2017, advertising costs totaled $6,020 and $2,034, respectively.

Functional expenses

Generally, expenses are charged to each program or function based on direct expenditures incurred. Expenditures not directly chargeable are allocated to programs or functions based on the estimated percentage of time spent by the organization's employees or the space utilized.

Note 3: Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	$	4,215,727
Accounts Receivable		3,372
Pledges Receivable		128,237
	$	4,347,336

Note 4: Property and Equipment

The Organization records fixed assets based upon historical cost. Donated capital assets are recorded at fair value as of the date of donation. The Organization's policy is to capitalize all purchases of property and equipment with a cost exceeding $500 and having a useful life of more than one year. Depreciation is computed and recorded using the straight-line method using the following useful lives:

Furniture & Fixtures	7 years
Office Equipment	3 – 5 years
Leasehold Improvements	7 years

Property and equipment consisted of the following at December 31, 2018 and 2017:

Asset Category	2018	2017
Furniture & Fixtures	$ 130,642	$ 19,727
Office Equipment	153,569	137,745
Leasehold Improvements	31,307	31,307
Subtotal	315,518	188,779
Accumulated Depreciation	(171,025)	(146,168)
Net Property and Equipment	$ 144,493	$ 42,611

Depreciation expense for fiscal year ended December 31, 2018 and 2017 was $24,861 and $13,430, respectively.

Note 5: Commitments and Contingencies

Lease Commitments

The Organization leases office space and made a security deposit payment in the amount of $20,034, which is recorded in the Deposits account in the Statement of Financial Position as of December 31, 2018. The office space lease is for 132 months (11 years). The base rent increases after 12 months, 18 months, 30 months, and 66 months. Future obligations under the operating lease agreement is as follows at December 31, 2018:

2019	$	120,203
2020		247,178
2021		253,950
2022		253,950
2023		253,950
Thereafter		1,433,971
Total	$	2,563,202

Rent expense for the year ended December 31, 2018 and 2017 was $80,178 and $106,785, respectively.

Note 6: Financial Instruments and Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at each institution. Cash balances exceeding the FDIC limit are substantially collateralized by the financial institution's pledged securities. The Organization's cash balances were not in excess of FDIC insurance and pledged collateral at December 31, 2018.

Note 7: Cooperative Endeavor Agreements

The Organization and the City of New Orleans entered into three cooperative endeavor agreements (CEA) during the year ended December 31, 2018. The details of the three agreements are as follows:

- On November 21, 2017, the Organization and the City of New Orleans – Workforce Development Board entered into a cooperative endeavor agreement. The CEA provides for the City to fund $2,500,000 per year for a term of three years to the Organization in return for a multitude of Business/Industry Growth services and Workforce Development services. The Organization agrees to raise a minimum of $1,000,000 annually through fundraising activities. The agreement also provides for two sub-grants in the amounts of $148,692 and $158,683, which are only valid for one year. During the year ended December 31, 2018, the Company received $2,500,000 from this agreement
- On December 31, 2017, the Organization and the City of New Orleans entered into a cooperative endeavor agreement. The CEA provides for the City to fund three separate sub-grants for a term of one year from the effective date in the amounts of $491,947, $360,626, and $37,063 to the Organization in return for certain services set forth by the agreement. During the year-ended December 31, 2018, the Organization received the $360,626 and $37,063 sub-grants in lump sum payments.
- On April 26, 2018, the Organization and the City of New Orleans entered into a cooperative endeavor agreement. The CEA provides for the City to fund $300,000 to the Organization in return for Business Attraction services set forth in the agreement. The CEA has a term of one year from the effective date and funds will be disbursed in one payment. During the year ended December 31, 2018, the Organization received $300,000 from this agreement.
- On January 5, 2018, the City of New Orleans provided an amendment to the CEA dated April 1, 2017 that is referenced in the prior year audit report. The amendment provided an additional $400,000 in funding to continue providing strategic planning, business retention and expansion, business development, and overall economic development to the City of New Orleans. During the year ended December 31, 2018, the Organization received $400,000 from this agreement.

Note 8: Grants

During 2018, the Organization was awarded new grants from various sources. Grant revenue at December 31, 2018 and 2017 is as follows:

Grantor Name	2018	2017
City of New Orleans	$ 3,948,047	$ 1,556,000
W.K. Kellogg Foundation	1,250,000	-
The Ford Foundation	1,000,000	-
Conrad N. Hilton Foundation	705,000	-
JP Morgan Chase Foundation	550,200	88,542
State of Louisiana	380,308	437,870
The Kresge Foundation	200,000	-
Surdna Foundation	156,250	125,000
ACEF	45,000	-
U.S. Environment Protection Agency	-	6,724
	$ 8,234,805	$ 2,214,136

Note 9: Line of Credit

During the 2012 fiscal year, the Organization entered into a line of credit with a financial institution. The maximum amount available on the line was $250,000 at December 31, 2018. The interest rate was 5% with a zero balance on the line of credit at year end. The line of credit has no expiration date. The outstanding balance of the line of credit at December 31, 2018 was $0.

Note 10: Fringe Benefit Liabilities

Management recorded fringe benefit liabilities totaling $147,677 at December 31, 2018 and $74,198 at December 31, 2017. These balances include a liability for compensated absences.

Note 11: Qualified Retirement Plan (401k)

The Organization has an Internal Revenue Service qualified employee retirement plan (401k). During 2018 and 2017, the Organization recorded matching contributions totaling $29,575 and $19,355, respectively.

Note 12: Related Party Transactions

Included in the Statement of Financial Position as of December 31, 2018 are receivables from and payables to certain related parties. The Organization has pledge receivable balances from related parties in the amount of $18,987 as of December 31, 2018.These related parties include a Board of Directors member and a member of management. The Organization owes certain employees expense reimbursements in the amount of $5,089.

Note 13: New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14, Not-For-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2017. The Organization has adopted the new ASU, which effects the presentation of the financial statements and the disclosures in the footnotes. Management has implemented the changes and adjusted the presentation in the financial statements and footnotes accordingly.

In June 2018, the FASB issued Accounting Standards Update No. 2018, Not-For-Profit Entities (Topic 958) to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendment is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted, but management has not adopted the new update for the year ended December 31, 2018.

Note 14: Subsequent Events

Management has evaluated subsequent events through June 20, 2019, the date that the financial statements were available to be issued and determined that there were no other items for disclosure.

Luther Speight & Company
Certified Public Accountants and Consultants

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

To the Board of Directors of
NOLA Business Alliance, Inc.

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 NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NOLA Business Alliance, Inc.'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 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.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses at Finding No. 2018-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOLA Business Alliance, Inc.'s 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 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.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
June 20, 2019

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2018
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified?	_____YES	__X__NO
Significant deficiency(s) identified not considered to be material weaknesses?	__X__YES	_____NO
Noncompliance material to financial statements noted?	_____YES	__X__NO

Federal Awards

Nola Business Alliance, Inc. (the Company) received federal awards during the year ended December 31, 2018. However, the amount of federal awards expended during the year was less than the Single Audit threshold of $750,000. Therefore, the Company did not require a Single Audit for the year ended December 31, 2018.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

FINDING NO. 2018-01: IMPROPER BANK RECONCILIATION PROCEDURES

CRITERIA:
Generally accepted accounting principles and nonprofit accounting best practices require that bank reconciliations be performed monthly for all cash accounts. Proper bank reconciliation preparation requires outstanding transactions to be researched and resolved on a timely basis.

CONDITION:
During our review of the entity's bank reconciliations, we noted two bank accounts included eleven (11) outstanding checks totaling $7,382.84 that remained outstanding in excess of one (1) year. Further review showed no documentation of management's efforts to research and resolve the aged outstanding transactions.

CAUSE:
The entity's bank reconciliation procedures did not provide for timely review, research, and resolution of aged outstanding transactions.

EFFECT:
The financial statement balances may be misstated as a result of adjustments required to resolve the aged outstanding checks.

RECOMMENDATION:
We recommend that the entity research and resolve bank reconciling items that have not cleared on a timely basis.

MANAGEMENT RESPONSE:
We agree with this finding and have incorporated investigating and clearing any check outstanding after 90 days and in the fiscal year of occurrence in our finance policy and procedures.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
STATUS OF PRIOR FINDINGS AND RESPONSES
DECEMBER 31, 2018

Finding #	Description	Resolved/Unresolved
2017-01	Improper Bank Reconciliation Procedures	Unresolved

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2018

Agency Head Name: Quentin L. Messer, Jr., served January 1 – December 31, 2018

Purpose	**Amount**
Salary	200,000
Benefits-insurance	25,966
Benefits-retirement	-
Benefits-executive parking	2,401
Car allowance	7,500
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	5,404
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Luther Speight & Company
Certified Public Accountants and Consultants

NOLA BUSINESS ALLIANCE, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of New Orleans Business Alliance, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by New Orleans Business Alliance, Inc. (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Results: *The policies and procedures appear to appropriately address the required elements above.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/(504)561-8600
Memphis Office: 119 S. Main Street, Suite 500/Memphis, TN 38103/(901)322-4238
Atlanta Office: Five Concourse Pkwy/Atlanta, GA 30328/(770)399-8808

Results: *The policies and procedures appear to appropriately address the required elements above.*

c) ***Disbursements***, including processing, reviewing, and approving

Results: *The policies and procedures appear to appropriately address the required elements above.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: *The policies and procedures appear to appropriately address the required elements above.*

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: *The policies and procedures appear to appropriately address the required elements above.*

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: *The policies and procedures appear to appropriately address the required elements above.*

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: *The policies and procedures appear to appropriately address the required elements above.*

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: *The policies and procedures appear to appropriately address the required elements above.*

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable, as the entity is a nonprofit.*

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *Not applicable, as the entity is a nonprofit.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   Results: *The Board of Directors appeared to meet on a monthly basis.*

   b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   Results: *We noted financial information was reviewed during the board meetings and a budget to actual comparison was included.*

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: *Not applicable to the entity.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results*: Bank reconciliations were prepared within 2 months of year-end.*

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: *Bank reconciliations were initialed and dated by a member of management that was not involved with the above-mentioned processes.*

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *We noted one bank reconciliation with 11 outstanding checks that were dated older than 12 months for a total of $7,382.84.*

Management's Response*: Management will research and resolve the aged outstanding checks cited above and perform this research on an ongoing basis.*

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Results: *Listing of deposit sites (only one) was obtained from management.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Results: *It was noted that employees who have access to cash are not bonded or covered by an insurance policy for theft.*

   Management's Response: *Management is confident that adequate safeguards and segregation of duties are presently in place regarding receipts.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Results: *No exceptions noted.*

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

      Results: *No exceptions noted.*

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      Results: *Deposits were traced to the bank statement without exception.*

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

      Results: *Deposits were received within 1 day of receipt.*

   e) Trace the actual deposit per the bank statement to the general ledger.

      Results: *Deposits were traced to the general ledger without exception.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Results: *We noted only one location that processes payments (main office).*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      Results: *All purchases require a purchase request form, which must be approved by management. No findings noted.*

   b) At least two employees are involved in processing and approving payments to vendors.

      Results: *All payments are approved by an employee other than the one processing the payments. For payments over a certain dollar amount, more than one member of management or the Board has to approve of the transaction. No findings noted.*

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

      Results: *We noted procedures for adding vendors were not included in the Organization's policies and procedures. However, per discussion with management, we determined that employees that process payments do have access to adding and modifying vendor files.*

      Management Response*: Management believes its controls are adequate to safeguard the Organization's assets. However, we will update our policy as noted.*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: *We noted that the employee responsible for processing payments does not mail the checks to the vendors.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

Results: *We noted the disbursements in the sample matched the supporting invoices. No findings noted.*

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *We noted proper segregation of duties, as detailed under AUP Step #9.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Results: *We noted no findings in this AUP section for the year ending December 31, 2017. Since the Organization has not changed their credit card procedures, we will skip the credit card AUP steps for the year ended December 31, 2018.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Results: *We noted no findings in this AUP section for the year ending December 31, 2017. Since the Organization has not changed their travel policies and reimbursement procedures, we will skip the travel expense AUP steps for the year ended December 31, 2018.*

Contracts

11. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: *None of the contracts selected were subject to Louisiana Public Bid Law.*

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Results: *Per review of the board minutes, we noted no evidence of Board approval of contracts.*

Management's Response*:* Contracts are routinely approved by the Board. Management will implement procedures to enhance the recording of minutes to include all Board actions.

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Results: *We noted that amendments were allowed according to the original contract terms. No findings noted.*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *We noted that each payment was supported by an invoice, which agreed to the contract terms and conditions. No findings noted.*

Payroll and Personnel

12. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *Listing of employees were obtained and management stated that the listing was complete.*

13. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

   a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

      Results: *We noted that daily attendance and leave was documented for the 5 employees selected. No findings noted.*

   b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

      Results: *We noted that attendance and leave was approved by management.*

   c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

      Results: *We noted the Organization maintains a spreadsheet with all employees' leave hours earned, used and balance available. This is used to calculate the PTO accrual at December 31, 2018.*

14. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

    Results: *We agreed the hours and pay rates to the employees' time records and personnel file with no exceptions.*

15. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    Results: *We noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.*

Ethics

Results: *Section is not applicable, as the Organization is a non-profit.*

Debt Service

Results: *Section is not applicable, as the Organization is a non-profit.*

Other

16. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: *No misappropriation of public funds or assets were noted.*

17. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: *We noted the required notice is posted on the Organization's premises and on their website.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other maters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
June 20, 2019