NEW ORLEANS & COMPANY

Audits of Financial Statements

December 31, 2022 and 2021

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
New Orleans & Company

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of New Orleans & Company (the Company), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters
Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 schedule of compensation, benefits, and other payments to agency head 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 June 27, 2023 on our consideration of the Company's internal control over financial reporting and 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 solely 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 the effectiveness of the Company's 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 Company's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 27, 2023

NEW ORLEANS & COMPANY
Statements of Financial Position
December 31, 2022 and 2021

		2022		2021
Assets				
Current Assets				
Cash and Cash Equivalents	**$**	**31,379,112**	$	16,434,620
Restricted Cash and Cash Equivalents		**18,566,812**		30,389,508
Accounts Receivable		**1,029,486**		696,388
Other Receivable, State of Louisiana		**2,219,241**		1,785,632
Other Receivable, Tourism Support Assessment		**2,054,816**		1,725,429
Inventory		**35,459**		31,313
Prepaid Expenses		**2,092,745**		553,283
Total Current Assets		**57,377,671**		51,616,173
Investments				
Certificate of Deposit - Restricted		**-**		6,045,169
Marketable Securities at Fair Value, Restricted		**6,043,984**		-
Marketable Securities at Fair Value		**19,651,617**		23,013,439
Total Investments		**25,695,601**		29,058,608
Property, Equipment, and Leasehold Improvements				
Land		**3,373,130**		3,373,130
Building and Improvements		**19,854,637**		20,133,792
Furniture and Fixtures		**375,226**		63,275
Equipment		**294,564**		391,811
Construction in Progress		**293,253**		-
Total Property, Equipment, and Leasehold Improvements		**24,190,810**		23,962,008
Less: Accumulated Depreciation		**(5,382,625)**		(4,981,167)
Property, Equipment, and Leasehold Improvements, Net		**18,808,185**		18,980,841
Other Assets				
Right-of-Use Assets, Operating Leases		**93,500**		-
Intangible Asset - Internet Domain		**1,200,000**		1,200,000
Total Assets	**$**	**103,174,957**	$	100,855,622

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

NEW ORLEANS & COMPANY
Statements of Financial Position (Continued)
December 31, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 2,256,186**	$ 3,111,066
Deferred Revenue	**18,559,598**	30,527,658
Promise to Give	**349,989**	341,453
Note Payable Payroll Protection Program	**-**	98,211
Operating Lease Liabilities, Current Portion	**39,326**	-
Other Accrued Liabilities	**4,984,090**	565,991
Total Current Liabilities	**26,189,189**	34,644,379
Long-Term Liabilities		
Promise to Give	**1,103,345**	708,727
Operating Lease Liabilities, Net of Current Portion	**54,174**	-
Long-Term Debt, Net of Debt Issuance Cost of $9,790 at 2022 and $12,270 at 2021	**7,034,246**	7,031,766
Total Long-Term Liabilities	**8,191,765**	7,740,493
Total Liabilities	**34,380,954**	42,384,872
Net Assets		
Without Donor Restrictions		
Designated by the Board	**9,193,345**	8,771,740
Undesignated	**59,600,658**	49,699,010
Total Net Assets	**68,794,003**	58,470,750
Total Liabilities and Net Assets	**$ 103,174,957**	$ 100,855,622

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

NEW ORLEANS & COMPANY
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Appropriations from Government Agencies	**$ 12,376,594**	$ 6,466,700
Tourism Support Assessment Revenue	**19,995,172**	10,567,567
Membership Dues	**1,441,395**	1,202,329
Harrah's Marketing Funding	**1,000,000**	1,000,000
Staffing Services Reimbursement	**408,595**	150,864
Louisiana Office of Tourism Support	**500,000**	300,000
Investment Return, Net	**(3,409,026)**	2,790,557
Disaster Relief Funding	**11,832,248**	9,509,967
Short-Term Rental	**3,836,993**	1,998,243
Other Revenue, Net	**822,629**	(326,311)
Industry Show Cost-Share Reimbursement	**38,931**	34,500
Total Revenue and Support Without Donor Restrictions	**48,843,531**	33,694,416
Expenses		
Program Services Expense	**32,777,510**	21,465,967
Supporting Services Expense	**5,742,768**	3,971,217
Total Expenses	**38,520,278**	25,437,184
Change in Net Assets Without Donor Restrictions	**10,323,253**	8,257,232
Change in Net Assets	**10,323,253**	8,257,232
Net Assets, Beginning of Year	**58,470,750**	50,213,518
Net Assets, End of Year	**$ 68,794,003**	$ 58,470,750

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

NEW ORLEANS & COMPANY
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
Advertising	$ -	$ 14,775,660	$ 14,775,660	$ -	$ 14,775,660
Salaries	-	5,600,066	5,600,066	1,883,993	7,484,059
Employee Benefits	-	2,090,702	2,090,702	823,607	2,914,309
Sales, Travel, and Promotion	-	2,281,893	2,281,893	-	2,281,893
Operational	-	-	-	1,909,947	1,909,947
External Commitments	1,724,535	-	1,724,535	-	1,724,535
Convention and Meeting Commitments	-	1,651,680	1,651,680	-	1,651,680
Product Development and Sponsorships	1,627,082	-	1,627,082	-	1,627,082
Client Service Initiatives	-	760,747	760,747	-	760,747
International Representation	-	597,024	597,024	-	597,024
Payroll Taxes	-	458,531	458,531	128,309	586,840
Depreciation	-	-	-	564,657	564,657
Public Relations and Local Advocacy	-	509,018	509,018	-	509,018
Printing Collateral	-	312,784	312,784	-	312,784
Research	-	226,957	226,957	-	226,957
Insurance	-	-	-	215,376	215,376
Governmental Relations	-	-	-	184,494	184,494
Photos and Videos	-	160,831	160,831	-	160,831
Postage	-	-	-	32,385	32,385
Total	$ 3,351,617	$ 29,425,893	$ 32,777,510	$ 5,742,768	$ 38,520,278

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

NEW ORLEANS & COMPANY
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
Advertising	$ -	$ 8,097,991	$ 8,097,991	$ -	$ 8,097,991
Salaries	-	5,012,782	5,012,782	1,299,890	6,312,672
Product Development and Sponsorships	2,404,398	-	2,404,398	-	2,404,398
External Commitments	2,325,087	-	2,325,087	-	2,325,087
Employee Benefits	-	1,688,681	1,688,681	434,943	2,123,624
Operational	-	-	-	1,278,141	1,278,141
Depreciation	-	-	-	506,817	506,817
Payroll Taxes	-	334,555	334,555	118,106	452,661
Sales, Travel, and Promotion	-	424,438	424,438	-	424,438
Convention and Meeting Commitments	-	388,436	388,436	-	388,436
Public Relations and Local Advocacy	-	316,225	316,225	-	316,225
Insurance	-	-	-	169,997	169,997
Research	-	138,433	138,433	-	138,433
Client Service Initiatives	-	135,526	135,526	-	135,526
Governmental Relations	-	-	-	102,930	102,930
International Representation	-	101,282	101,282	-	101,282
Printing Collateral	-	97,385	97,385	-	97,385
Postage	-	-	-	60,393	60,393
Photos and Videos	-	748	748	-	748
Total	$ 4,729,485	$ 16,736,482	$ 21,465,967	$ 3,971,217	$ 25,437,184

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

NEW ORLEANS & COMPANY
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ 10,323,253**	$ 8,257,232
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Depreciation	**564,654**	506,817
Amortization of Debt Issuance Cost	**2,480**	2,480
Loss on Disposal of Equipment	**-**	485,301
Paycheck Protection Program Loan Forgiveness	**-**	(1,411,448)
Unrealized Loss (Gain) on Investment Securities	**3,924,789**	(2,285,881)
(Increase) Decrease in Assets		
Accounts and Other Receivable	**(1,096,094)**	(618,150)
Right-of-Use Assets, Operating Leases	**47,138**	-
Inventory	**(4,146)**	3,386
Prepaid Expenses	**(1,539,462)**	(287,629)
Increase (Decrease) in Liabilities		
Accounts Payable	**(854,880)**	2,977,745
Deferred Revenue	**(11,968,060)**	30,020,762
Promise to Give	**403,154**	(125,000)
Operating Lease Liabilities	**(47,138)**	-
Other Accrued Liabilities	**4,418,099**	(1,761,549)
Net Cash Provided by Operating Activities	**4,173,787**	35,764,066
Cash Flows from Investing Activities		
Proceeds from Sales of Investment Securities	**3,611,024**	6,007,408
Purchases of Investment Securities	**(10,217,974)**	(6,450,675)
Purchase of Certificate of Deposit	**-**	(45,169)
Maturity of Certificate of Deposit	**6,045,169**	-
Capitalization and Acquisition of Property	**(391,999)**	(633,403)
Net Cash Used in Investing Activities	**(953,780)**	(1,121,839)
Cash Flows from Financing Activities		
Payments on Long-Term Debt	**(98,211)**	-
Net Proceeds from Long-Term Debt	**-**	2,034,782
Net Cash (Used in) Provided by Financing Activities	**(98,211)**	2,034,782
Net Increase in Cash and Cash Equivalents and Restricted Cash	**3,121,796**	36,677,009
Cash and Cash Equivalents and Restricted Cash Beginning of Year	**46,824,128**	10,147,119
Cash and Cash Equivalents and Restricted Cash End of Year	**$ 49,945,924**	$ 46,824,128
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	**$ 198,615**	$ 164,594

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

Note 1. Nature of Activities

History and Organization

New Orleans & Company is a private, non-profit 501(c)(6) organization dedicated to promoting the Greater New Orleans area as a destination for trade shows, conventions, tour groups, and individual travelers. During 1999, New Orleans & Company organized the Welcome Center Building, LLC, to purchase and manage the property at the location of its operating center. The center opened and began operating in June 2003. Since New Orleans & Company is the sole member of the Welcome Center Building, LLC, the entity is disregarded from its owner for income tax purposes. On December 31, 2020, the Welcome Center Building, LLC, was dissolved, and all assets and liabilities were transferred to New Orleans & Company.

New Orleans & Company, Inc., a Louisiana non-profit corporation, was formed on June 30, 2008. On September 16, 2014, New Orleans & Company, Inc. issued a share of its common stock, par value $0.01 per share, to New Orleans & Company. New Orleans & Company is the sole stockholder of New Orleans & Company, Inc. There has been no activity since New Orleans & Company, Inc.'s formation in 2008.

Support initiative programs consist primarily of external commitment payments for Risk Mitigation for British Airways and French Quarter Management District. See Note 9 for further details.

Other program expenses are inclusive of Convention and Leisure Sales and Services, Marketing, Communications, and Public Relations and External Affairs. All programs exist to drive economic growth, and support, sustain, evolve, and promote the unique culture of New Orleans for the benefit of its members, visitors, and residents.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations.*

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits, money market accounts, and certificates of deposit of three months or less.

Restricted Accounts

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	December 31,	
	2022	2021
Cash and Cash Equivalents	**$ 31,379,112**	$ 16,434,620
Restricted Cash and Cash Equivalents	**18,566,812**	30,389,508
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	**$ 49,945,924**	$ 46,824,128

Restricted cash and cash equivalents consist of balances that are to be specifically used under the American Rescue Plan Act (ARPA) funding that was received and included in deferred revenue as of December 31, 2022 and 2021, as well as cash held at a bank as collateral for debt, see Note 6.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. As of December 31, 2022 and 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory

Inventory consisting of maps and brochures is valued at the lower of cost (first-in, first-out method) or net realizable value.

Investments

The Company records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Note 2. Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Leasehold Improvements

Property and equipment are stated at cost, net of allowance for accumulated depreciation. Additions, improvements, and betterments to property and equipment in excess of $500 which extends the useful life or increases the carrying value of the assets are capitalized.

Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books and any resulting gain or loss is credited to or charged against the current period's change in net assets.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Depreciation expense was $564,654 and $506,817 for the years ended December 31, 2022 and 2021, respectively. The estimated useful lives used in computing depreciation are as follows:

Buildings and Improvements	5 - 40 Years
Furniture, Fixtures, and Equipment	5 - 10 Years
Vehicle	5 Years
Software	5 Years

Valuation of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The Company recognized no impairment during the years ended December 31, 2022 or 2021.

Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, *Leases*.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore,measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Company.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of $140,152, at January 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Deferred Revenue

Membership dues revenue is recognized when earned over the membership period. Advertising revenue billed in advance is deferred and recorded as income in the period in which the related services are provided.

Note 2. Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves.

Net Assets With Donor Restrictions - Net assets 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 that can be fulfilled or removed by actions of the Company pursuant to those stipulations. 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. As restrictions are met or until released in accordance with the Company's spending policy, assets are reclassified to net assets without donor restrictions.

Revenues and Revenue Recognition

<u>Member Dues</u>

Membership dues from active members, which are generally nonrefundable, are recorded as revenues monthly over the membership period for which they are collected, which is generally one calendar year. The performance obligations consist of being listed on the New Orleans & Company website, being listed in a travel brochure, and being invited to membership events. These performance obligations are fully performed within a membership period. Dues paid in advance are deferred to the membership period to which they relate.

<u>Appropriations from Government Agencies and Tourism Support Assessment Revenue</u>

The Company receives appropriations from the State of Louisiana as well as a Tourism Support Assessment directly from hotels in the City of New Orleans. Management has made the assessment that under ASC 606 revenue is to be recognized at the point in time in which the Company has been made aware of the amounts to be received under these agreements.

<u>Contributions</u>

The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenues and Revenue Recognition (Continued)

Contributions (Continued)

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as revenue and support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue and support with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then by department by head count. Expenses that are allocated include insurance and all operational expenses.

Vacation and Sick Pay

All full-time regular employees are eligible for five days annually of paid vacation after completion of sixty days of consecutive employment, ten days annually after one year of employment, fifteen days annually after five years of employment, twenty days annually after ten years of employment, and an additional day for each additional year of employment beginning with the sixteenth anniversary. Paid vacation hours are determined by employment anniversary date, adjusted by any leave of absence. All full-time employees are also eligible for up to twenty-five sick days accruing five hours per month after completion of an initial sixty-day introductory period. Vacation time unused at the end of the anniversary date is lost. Upon termination, unused vacation time is paid, and sick time is lost.

Non-Direct Response Advertising

The Company expenses advertising costs as incurred. Advertising expenses charged to operations totaled $14,775,660 and $8,097,991 in 2022 and 2021, respectively.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Company believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts recorded in the financial statements. Actual results may differ from these estimates due to information that becomes available subsequent to the issuance of the financial statements or other reasons.

Note 3. Concentration of Credit Risk

The Company maintains cash in five commercial banks. The total amount by which cash on deposit in those banks exceeds the federally insured limits is $54,451,761 as of December 31, 2022. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 4. Investments

The fair market value of investments is as follows at December 31, 2022 and 2021:

	2022	2021
Common Stocks	**$ 2,041,537**	$ 2,358,499
Zero Coupon Treasury Bills, Restricted	**6,043,984**	-
Private Equity/Hedge Funds	**352,617**	239,579
Mutual Funds	**15,489,220**	18,012,256
Exchange Traded Funds	**1,768,243**	2,403,105
Total Investments	**$ 25,695,601**	$ 23,013,439

Note 5. Intangible Asset - Internet Domain

On May 2, 2014, the Company purchased ownership of, and all rights related to, the domain names, the websites, and related rights of NewOrleans.com for a purchase price of $1,200,000. This purchase was capitalized as an intangible asset not subject to amortization due to the indefinite life of the asset. On an annual basis, the Company will test the asset for impairment. There has been no impairment loss recorded as of December 31, 2022 and 2021.

Note 6. Debt

In June 2020, the Company entered into a debt restructuring agreement with its bank in order to restructure its mortgage notes payable. The Company restructured its note payable into two notes payable. The first note has a principal balance of up to $6,000,000 with advances under the loan being made during the first six-month period ended on December 30, 2021. This loan is secured by an account with the bank consisting of $5,013 in cash and $6,043,984 of zero coupon Treasury Bills. The interest rate on this notes is 4.21%. Interest only payments are required throughout the life of the loan with outstanding principal plus any accrued unpaid interest due at June 30, 2025. The second note has a principal balance of up to $2,800,000 with advances under the loan being made during the first eighteen-month period ended on December 30, 2022. This loan is secured by buildings and equipment of the Company. The interest rate is 3.75%. Interest only payments are required throughout the life of the loan with outstanding principal plus any accrued unpaid interest due at June 30, 2025. The total amount outstanding, net of debt issuance costs, under these notes at December 31, 2022 and 2021 was $7,034,246, and $7,031,766, respectively.

On February 10, 2021, the Company obtained a $1,510,722 loan from JP Morgan Chase Bank under the Small Business Administration (SBA) Payroll Protection Program (PPP). Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Company received $1,412,501 in forgiveness plus interest from the SBA. The amount of the forgiveness is presented as a component of disaster relief funding on the accompanying statement of activities for the year ended December 31, 2021. The unforgiven portion of $98,211 is included in note payable payroll protection program as of December 31, 2021 and was paid off during the year ended December 31, 2022.

In 2017, the Company adopted FASB Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires debt issuance costs to be presented as a direct deduction from the carrying amount of the debt liability, rather than an asset. For the years ended December 31, 2022 and 2021, there was $2,480 of amortization expense reported in the accompanying statements of activities.

Note 7. Fair Value Measurements

The Company follows the *Fair Value Measurement* Topic of the FASB ASC 820 which establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

The *Fair Value Measurement* Topic establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities earned at fair value be classified and disclosed in one of the following three categories:

Level 1 Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 Inputs are based upon quoted process for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

Recurring Fair Value Measurements
The fair value of assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Company has elected the fair value option, are estimated as described in the preceding section.

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The estimated fair values and their corresponding fair value hierarchy as of December 31, 2022 are summarized as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Common Stocks	$ 2,041,537	$ -	$ -	$ 2,041,537
Zero Coupon Treasury Bills	6,043,984	-	-	6,043,984
Private Equity/Hedge Funds				
Measured at Net Asset Value [(a)]	-	-	-	352,617
Exchange Traded Funds	1,768,243	-	-	1,768,243
Mutual Funds				
Large Blend	7,120,527	-	-	7,120,527
Foreign Large Blend	1,429,064	-	-	1,429,064
Event Driven	204,740	-	-	204,740
Intermediate Government	858,804	-	-	858,804
Long-Short Equity	180,014	-	-	180,014
Ultrashort Bond	167,355	-	-	167,355
Short-Term Bond	387,244	-	-	387,244
High Yield Bond	521,836	-	-	521,836
Intermediate-Term Bond	544,408	-	-	544,408
Multistrategy	342,835	-	-	342,835
Multisector Bond	182,155	-	-	182,155
Nontraditional Bond	182,545	-	-	182,545
World Bond-USD Hedged	3,367,693	-	-	3,367,693
Total Mutual Funds	15,489,220	-	-	15,489,220
Total Investments at Fair Value	$ 25,342,984	$ -	$ -	$ 25,695,601

(a) In accordance with Subtopic 820-10, certain investment that are measured at fair value using the net asset value per share or its equivalent practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The estimated fair values and their corresponding fair value hierarchy as of December 31, 2021 are summarized as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Common Stocks	$ 2,358,499	$ -	$ -	$ 2,358,499
Private Equity/Hedge Funds				
Measured at Net Asset Value [(a)]	-	-	-	239,579
Exchange Traded Funds	2,403,105	-	-	2,403,105
Mutual Funds				
Large Blend	8,757,058	-	-	8,757,058
Foreign Large Blend	2,102,000	-	-	2,102,000
Event Driven	181,488	-	-	181,488
Intermediate Government	400,413	-	-	400,413
Long-Short Equity	206,820	-	-	206,820
Ultrashort Bond	171,315	-	-	171,315
Short-Term Bond	972,456	-	-	972,456
High Yield Bond	393,794	-	-	393,794
Intermediate-Term Bond	51,613	-	-	51,613
Multistrategy	402,101	-	-	402,101
Multisector Bond	178,092	-	-	178,092
Nontraditional Bond	181,514	-	-	181,514
Intermediate Core Bond	362,265	-	-	362,265
World Bond-USD Hedged	3,651,327	-	-	3,651,327
Total Mutual Funds	18,012,256	-	-	18,012,256
Total Investments at Fair Value	$ 22,773,860	$ -	$ -	$ 23,013,439

(a) In accordance with Subtopic 820-10, certain investment that are measured at fair value using the net asset value per share or its equivalent practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The Company's investments at December 31, 2022 and 2021 that feature net asset value (NAV) per share are as follows:

2022	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year-End
Private Equity (Fund of Funds) [a]	**$ 352,617**	**1**	**6 Years**	**$ 126,559**	**Fund Liquidation**	**At the direction of the GP at liquidation of the fund**	**Yes**
Total	**$ 352,617**			**$ 126,559**			

(a) This fund seeks to provide aggregate long-term compound returns in excess of those available form a portfolio of conventional investments in the public equity markets by making investments primarily in underlying funds that provide exposure to different managers, sectors, geographic regions, and investment strategies.

2021	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year-End
Private Equity (Limited Partnership) [a]	$ 239,579	1	7 Years	$ 234,080	Fund Liquidation	At the direction of the GP at liquidation of the fund	Yes
Total	$ 239,579			$ 234,080			

(a) The purpose of the partnership is to invest its capital in such a manner as to achieve favorable returns through investment primarily in a diversified portfolio of equity securities of small capitalization companies. It seeks long-term capital appreciation by owning small capitalization stocks identified through fundamental research and considered mispriced relative to their intrinsic value.

Note 8. Tourism Support Assessment Revenue

The Tourism Support Assessment became effective on April 1, 2014. The Tourism Support Assessment is an assessment by the Company on its member hotels within an Assessment Area. The assessment is 1.75% of daily room charges for occupancy and applies only to those room charges that are subject to the state authorized hotel and motel taxes. The assessment, as adopted by the board of directors of the Company, reads as follows: On or before the 20th day of each month, each hotel member shall remit to the Company or its designated agent an amount equal to 1.75% of those room charges for occupancy of its hotel rooms in the Assessment Area in the preceding month that are subject to state authorized hotel and motel taxes.

Tourism support assessment revenue totaled $19,995,172 and $10,567,567 for the years ended December 31, 2022 and 2021, respectively.

Note 9. External Commitments

External commitments in the statements of functional expenses consisted of the following for the years ended December 31, 2022 and 2021:

	2022	2021
French Quarter Management District Disbursements	$ 1,378,597	$ 82,754
Other	345,938	-
Risk Mitigation - British Airways	-	2,242,333
Total	$ 1,724,535	$ 2,325,087

Note 10. Net Assets

Board-designated, net assets without donor restrictions are designated to support the following as of December 31, 2022 and 2021:

	2022	2021
Future Commitments	$ 9,193,345	$ 8,771,740
Total	$ 9,193,345	$ 8,771,740

The following is the future commitments of net assets by year as of December 31, 2022:

Year Ending December 31,	Amount
2023	$ 1,937,794
2024	2,348,236
2025	1,725,742
2026	794,900
2027	367,700
Thereafter	2,018,973
Total	$ 9,193,345

Note 11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Financial Assets Available, at December 31, 2022	
Cash and Cash Equivalents	$ 31,379,112
Accounts Receivable	1,029,486
Other Receivable, State of Louisiana	2,219,241
Other Receivable, Tourism Support Assessment	2,054,816
Investments in Marketable Securities	19,650,432
Total Available Financial Assets	56,333,087
Less: Those Unavailable for General Expenditures Within One Year	
Board-Designated Assets as Disclosed in Note 10	(9,193,345)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 47,139,742**

As part of its liquidity management plan, the Company invests cash in excess of daily requirements in short-term investments and money market funds.

Note 12. Hotel Tax Statutory Dedication

The Company has arrangements with the State of Louisiana (the State) to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 199 of the 2022 Regular Legislative Session provides for an annual appropriation of up to $11,200,000 based on the State's fiscal year-end June 30, 2023. Act 119 of the 2021 Regular Legislative Session provides for an annual appropriation of up to $11,200,000 based on the State's fiscal year-end June 30, 2022. The actual appropriation recorded by the Company for the calendar years ended December 31, 2022 and 2021 was $12,666,561 and $6,466,700, respectively.

Note 13. Defined Contribution Plan

The Company offers full-time employees who have completed sixty days of continuous service participation in its 401(k) plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions up to 100% on the first 5% of employee contributions. The employees are 100% vested after completion of two years of service. Matching contributions for the years ended December 31, 2022 and 2021 were $274,754 and $272,991, respectively.

Note 13. Defined Contribution Plan (Continued)

During the year ended December 31, 2019, the Company offered the president and CEO a participation in Executive 457(f) plan. The plan provides for employer contributions equal to participant's gross annual bonus received. Contribution for the years ended December 31, 2022 and 2021 were $127,984 and $124,256, respectively.

Note 14. Donated Services (Unaudited)

The Company has received a significant amount of non-professional donated services from various businesses in and around Greater New Orleans. These services were used in programs designed to promote the local tourism market. Management estimates that approximately $193,112 and $43,015 of donated services were received in 2022 and 2021, respectively. However, these services do not meet all of the applicable requirements of ASC 958, *Not-for-Profit Entities*; therefore, no amounts have been reflected in the financial statements for these donated services.

Note 15. Leases

The Company leases office equipment and vehicles under operating lease agreements that have terms ranging from 3 to 5 years. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Operating lease cost totaled $47,971 for the year ended December 31, 2022.

Total rent expense for operating leases and month-to-month leases was $44,721 for the year ended December 31, 2021.

Supplemental balance sheet information related to leases is as follows as of December 31, 2022:

Weighted-Average Remaining Lease Term:	
Operating Leases	3.25 Years
Weighted-Average Discount Rate:	
Operating Leases	1.2%

Note 15. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liability recognized on the statement of financial position are as follows as of December 31, 2022:

Year Ending December 31,	Amount
2023	$ 40,213
2024	21,351
2025	16,025
2026	16,025
2027	2,671
Total Lease Payments	96,285
Less: Imputed Interest	(2,785)
Total Present Value of Lease Liabilities	$ 93,500

Note 16. Promise to Give

During the year ended December 31, 2022, the Company entered into an amendment to an event support agreement with the Essence Festival that extends into 2026. At December 31, 2022 and 2021, included in current liabilities is $349,989 and $341,453, respectively, and in long-term liabilities is $1,103,345 and $708,727, respectively, due for this event within five years.

Note 17. Subsequent Events

Management has evaluated subsequent events through June 27, 2023, the date which the financial statements were available to be issued. No events were identified that required adjustment to or disclosure within the financial statements.

SUPPLEMENTARY INFORMATION

NEW ORLEANS & COMPANY
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2022

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, to be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Mr. J. Stephen Perry, President/CEO

Purpose	**Amount ***
Salary	$0
Bonus	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

* All compensation and expenses for the Agency Head are paid for with funding provided by the private sector.

See independent auditor’s report.

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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*

Independent Auditor's Report

To the Board of Directors
New Orleans & Company

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 & Company (the Company) which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Company'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 27, 2023

NEW ORLEANS & COMPANY
Schedule of Findings and Responses

For the Year Ended December 31, 2022

Part I - Summary of Auditor's Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None
3. Noncompliance material to the financial statements noted?	No

Federal Awards

Not applicable.

Part II - Financial Statement Findings

None noted.

NEW ORLEANS & COMPANY
Schedule of Prior Audit Findings

For the Year Ended December 31, 2022

None noted.

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AGREED-UPON PROCEDURES REPORT

New Orleans & Company

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 - December 31, 2022

To the Board Directors of
New Orleans & Company
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the New Orleans & Company's (the Company) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. New Orleans & Company's management is responsible for those C/C areas identified in the SAUPs.

New Orleans & Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) Written Policies and Procedures

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

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***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.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***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).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We reviewed New Orleans & Company's policies and procedures, and noted that because New Orleans & Company is not a governmental entity, not all of the preceding attributes are applicable. For each attribute that was applicable, the required elements were included.

2) Board or Finance Committee

A. 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

   i. 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.

   ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-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.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

   Results: No exceptions were identified as a result of performing these procedures.

3) Bank Reconciliations

A. Obtain a listing of entity 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 each selected account, and observe that:

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

   ii. Bank reconciliations include written evidence that a member of management or a 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

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

   Results: No exceptions were identified as a result of performing these procedures.

4) Collections (excluding electronic funds transfers)

A. 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).

B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

   i. Employees responsible for cash collections do not share cash drawers/registers;

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

   iii. Each employee responsible for collecting cash is not also 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; and

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

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

   i. Observe that receipts are sequentially pre-numbered.

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

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

   iv. 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 and the cash is stored securely in a locked safe or drawer).

   v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were identified as a result of performing these procedures.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

A. 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).

B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

   ii. At least two employees are involved in processing and approving payments to vendors;

   iii. 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;

   iv. 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; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

C. For each location selected under procedure #5A 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

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   Results: Exception noted. Electronic disbursements were made by individuals other than official check signors. No other exceptions were noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

   Results: No exceptions were identified as a result of performing these procedures.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were identified as a result of performing these procedures.

8) Contracts

A. 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. *Alternatively, 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, <u>excluding the practitioner's contract</u>, and

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

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

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. 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: No exceptions were identified as a result of performing these procedures.

9) Payroll and Personnel

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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

iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were identified as a result of performing these procedures.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: As New Orleans & Company is a non-profit entity, these procedures are not applicable.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

   Results: As New Orleans & Company is a non-profit entity, that does not have public debt, these procedures are not applicable.

12) Fraud Notice

A. 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 as required by R.S. 24:523.

B. 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: No exceptions were identified as a result of performing these procedures.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

   iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Results: As New Orleans & Company is a non-profit entity, these procedures are not applicable.

We were engaged by New Orleans & Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards.* We were not engaged to and did not conduct an examination or review engagement, 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 matters might have come to our attention that would have been reported to you.

We are required to be independent of New Orleans & Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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 Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 27, 2023

NEW ORLEANS & COMPANY

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Upon Procedures

The management of New Orleans & Company wishes to provide the following responses relative to the results of the 2022 Statewide agreed-upon procedures engagement:

1. In response to the results of the non-payroll disbursement section we will implement procedures necessary to ensure that only approved check signors are responsible for releasing electronic payments from the bank.

New Orleans & Company

Walter J Leger III

Walter J Leger III, President/Chief Executive Officer

Tammie Boteler

Tammie Boteler, Vice President of Finance