

**GREATER NEW ORLEANS, INC.,
AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016



GREATER NEW ORLEANS

INC
REGIONAL ECONOMIC DEVELOPMENT

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WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater New Orleans, Inc. and its affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation (both nonprofit organizations), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated 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 consolidated 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. 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation, as of December 31, 2017 and 2016, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2017 and 2016 consolidated schedule of expenses, consolidating statements of financial position and the consolidating statements of activities on pages 14 - 18 are presented for purposes of additional analysis and are not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2018 on our consideration of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and compliance.

June 29, 2018

Wegman Danet & Co

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,637,435	\$ 3,215,980
Certificate of deposits	-	16,205
Accounts receivable	1,100,431	1,037,273
Other current assets	161,567	31,685
Total current assets	3,899,433	4,301,143
Property and equipment, at cost less accumulated depreciation	123,014	171,671
Deposits	636	5,636
Total assets	\$ 4,023,083	\$ 4,478,450
LIABILITIES		
Current liabilities		
Accounts payable	\$ 42,383	\$ 235,262
Accrued payroll liabilities	332,604	278,149
Other current liabilities	182,136	373,762
Total current liabilities	557,123	887,173
NET ASSETS		
Net assets		
Unrestricted	2,789,181	2,368,809
Temporarily restricted	676,779	1,222,468
Total net assets	3,465,960	3,591,277
Total liabilities and net assets	\$ 4,023,083	\$ 4,478,450

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Investor contributions	\$ 2,364,935	\$ -	\$ 2,364,935
Sponsorship	560,850	-	560,850
NORLI	-	102,885	102,885
Grants	947,272	946,596	1,893,868
Interest income	9,867	-	9,867
Other income	206,049	-	206,049
Net assets released from restrictions	<u>1,595,170</u>	<u>(1,595,170)</u>	<u>-</u>
Total revenues	<u>5,684,143</u>	<u>(545,689)</u>	<u>5,138,454</u>
Expenses			
Program services			
Grants	1,395,381	-	1,395,381
Initiatives	804,110	-	804,110
Public	72,221	-	72,221
Business development	686,211	-	686,211
Communications	191,717	-	191,717
Supporting services			
General and administrative	<u>2,114,131</u>	<u>-</u>	<u>2,114,131</u>
Total expenses	<u>5,263,771</u>	<u>-</u>	<u>5,263,771</u>
Change in net assets	420,372	(545,689)	(125,317)
Net assets			
Beginning of year	<u>2,368,809</u>	<u>1,222,468</u>	<u>3,591,277</u>
End of year	<u>\$ 2,789,181</u>	<u>\$ 676,779</u>	<u>\$ 3,465,960</u>

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Investor contributions	\$ 2,559,525	\$ -	\$ 2,559,525
Sponsorship	387,176	-	387,176
NORLI	-	180,943	180,943
Grants	917,267	817,462	1,734,729
Management fees	19,892	-	19,892
Interest income	1,125	-	1,125
Other income	398,484	-	398,484
Net assets released from restrictions	1,108,985	(1,108,985)	-
Total revenues	<u>5,392,454</u>	<u>(110,580)</u>	<u>5,281,874</u>
Expenses			
Program services			
Grants	1,276,900	-	1,276,900
Initiatives	741,602	-	741,602
Public	74,711	-	74,711
Business development	606,270	-	606,270
Communications	166,945	-	166,945
Supporting services			
General and administrative	2,263,347	-	2,263,347
Total expenses	<u>5,129,775</u>	<u>-</u>	<u>5,129,775</u>
Change in net assets	262,679	(110,580)	152,099
Net assets			
Beginning of year	<u>2,106,130</u>	<u>1,333,048</u>	<u>3,439,178</u>
End of year	<u>\$ 2,368,809</u>	<u>\$ 1,222,468</u>	<u>\$ 3,591,277</u>

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (125,317)	\$ 152,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,658	48,658
(Increase) decrease in operating assets:		
Accounts receivables	(63,158)	(316,999)
Other current assets	(129,882)	(14,850)
Other noncurrent assets	5,000	(5,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(138,425)	26,505
Other current liabilities	(191,626)	215,021
Net cash (used) provided by operating activities	<u>(594,750)</u>	<u>105,434</u>
Cash flows from investing activities:		
Redemptions (purchase) of certificate of deposit, net	<u>16,205</u>	<u>(85)</u>
Net cash provided (used) by investing activities	<u>16,205</u>	<u>(85)</u>
Net (decrease) increase	(578,545)	105,349
Cash and cash equivalents at beginning of year	<u>3,215,980</u>	<u>3,110,631</u>
Cash and cash equivalents at end of year	<u>\$ 2,637,435</u>	<u>\$ 3,215,980</u>

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

1) Nature of activities

Greater New Orleans, Inc. (GNO, Inc.) is a non-profit corporation formed in January 2004 to spearhead economic development for the ten-parish Greater New Orleans region, which accounts for about one-third of Louisiana's economy. In collaboration with government, business and industry, and civic leaders, GNO, Inc.'s professional economic development staff works to create jobs in Southeast Louisiana, market the parishes to companies seeking to expand or relocate, and retain and grow existing businesses.

GNO, Inc.'s affiliate, Greater New Orleans Development Foundation (the Foundation) was created to provide support to the charitable, scientific and educational programs initiated and implemented by GNO, Inc.

2) Summary of significant accounting principles

Significant accounting policies followed by the companies are summarized below.

a) Financial statement presentation

GNO, Inc.'s and the Foundation's policy is to prepare its consolidated financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Basis of consolidation

The consolidated financial statements include the accounts of Greater New Orleans, Inc. and its affiliate Greater New Orleans Development Foundation. The Board of Directors of the Foundation consists of nine members including the current Chairman of the Board of GNO, Inc., the immediate past Board Chairman of GNO, Inc., the President and CEO of GNO, Inc., three past Chairmen of the Board of Directors of GNO, Inc., and three additional directors, none of whom is an incumbent member of the Board of Directors of GNO, Inc. GNO, Inc. and the Foundation share common facilities and personnel. All material inter-organization transactions have been eliminated.

c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

d) Accounts receivable

GNO, Inc. and the Foundation write off uncollectible accounts as they are identified. GNO, Inc.'s estimate for the allowance for doubtful accounts is based on a review of the current status of accounts receivable. Accounts receivable for GNO, Inc. is presented net of an allowance for doubtful accounts of \$300,663 and \$415,000 as of December 31, 2017 and 2016, respectively. No allowance for uncollectible accounts has been provided for the Foundation, as management has evaluated the accounts and believes they are all collectible.

e) Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

2) Summary of significant accounting principles (continued)

f) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Furniture and fixtures	5 to 10 years
Equipment	5 years
Leasehold improvements	10 years

g) Certificates of deposit

Investments in certificates of deposit are stated at fair values in the statement of financial position. Investments with a maturity of less than one year are classified as current assets.

h) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

GNO, Inc. and the Foundation report gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

i) Concentration of credit risk

Financial instruments that potentially subject GNO, Inc. and the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. GNO, Inc. and the Foundation have not experienced any losses in such accounts. GNO, Inc. and the Foundation have no policy requiring collateral or other security to support its deposits.

GNO, Inc. and the Foundation at times extend credit to their investors. GNO, Inc. and the Foundation perform ongoing credit evaluations of its investors but generally do not require collateral to support accounts receivable.

j) Donated services

Donated services are recognized at fair market value as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals with those skills, and would otherwise be purchased.

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

2) Summary of significant accounting principles (continued)

k) Advertising

GNO, Inc. and the Foundation expense advertising as incurred. Advertising expense was \$82,983 and \$63,486 for the years ended December 31, 2017 and 2016, respectively.

l) Income taxes

GNO, Inc. is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code. The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

GNO, Inc. and the Foundation adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 740, *Accounting for Uncertainty in Income Taxes*. Management of GNO, Inc. and the Foundation believe there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the GNO, Inc. and the Foundation are not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

m) Reclassifications

Certain 2016 amounts have been reclassified to conform with the 2017 financial statement presentation.

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 156,976	\$ 156,976
Equipment	65,315	65,315
Leasehold improvements	<u>35,627</u>	<u>35,627</u>
Total costs	257,918	257,918
Less: accumulated depreciation	<u>134,904</u>	<u>86,247</u>
Property and equipment	<u>\$ 123,014</u>	<u>\$ 171,671</u>

4) Fair value measurement

Financial Accounting Standards Board Accounting Standards Codification (ASC 820), *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments and unconditional promises to give are recorded at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 in 2017 or 2016. If such transfers were to occur, they would be recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve impairment accounting or donated property and equipment. There were no nonrecurring fair value adjustments in 2017 or 2016. The three levels of the fair value hierarchy are described below:

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

4) Fair value measurement (continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - Unobservable inputs for which there is little or no market data and require the Foundation to develop its own assumptions.

The investments are valued at fair value. The valuation methodologies used for assets measured at fair value are as follows. Level 1 assets consist of a certificate of deposit. The Foundation has no Level 2 or 3 assets. There have been no changes in these methodologies used at December 31, 2017.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016:

	Total Fair Value Assets as of December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 16,205	\$ 16,205	\$ -	\$ -

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

5) Restrictions on net assets

The Foundation received several temporarily restricted grants to help fund the various projects and programs. Temporarily restricted net assets as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Coastal Vitality Project	\$ 224,968	\$ 150,360
Energy Sector	202,978	417,420
FEMA	15,303	15,303
GNOF - World of Work	-	15,792
GNOF - La SAFE	26,857	-
IT Anywhere	11,738	87,854
Kresge Foundation	5,315	5,315
NORLI	30,821	280,447
Rockefeller Foundation	113	85,513
Technology Workforce Access Program	6,483	88,207
Walton - Harvey Relief	24,722	-
Walton - NOLA 300	25,000	-
Youthforce NOLA	102,481	76,257
Total temporarily restricted assets	<u>\$ 676,779</u>	<u>\$ 1,222,468</u>

6) Employee benefit plan

GNO, Inc. maintains a 401(k) retirement plan for the benefit of all eligible employees. Employer contributions to the plan are determined annually by the Board of Directors. For the years ended December 31, 2017 and 2016, GNO, Inc. contributed approximately \$54,850 and \$59,811 to the plan, respectively.

7) Federal financial assistance

The Foundation was awarded a grant from the Delta Regional Authority to expose high school students to career pathways in skilled-labor fields through skills expos, outreach, and dual-enrollment opportunities. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Grant Receipts	\$ 53,237	\$ 13,582
Prior Year Expenditures	8,645	9,764
Grant Expenditures	<u>44,592</u>	<u>12,463</u>
Due from grant at end of year	<u>\$ -</u>	<u>\$ 8,645</u>

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

7) Federal financial assistance (continued)

The Foundation was awarded a grant from the Office of Community Development to develop an implementation strategy for the adoption of the Greater New Orleans Urban Water Plan, which is designed to provide recovery to Louisiana's most at-risk communities. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Grant Receipts	\$ 46,139	\$ 131,423
Prior Year Expenditures	46,139	80,004
Grant Expenditures	<u>-</u>	<u>97,558</u>
Due from grant at end of year	<u>\$ -</u>	<u>\$ 46,139</u>

8) Operating lease

As of June 2015, GNO, Inc. entered into a new operating lease for its headquarters. Lease payments under this lease are \$14,240. This lease expires in August 2025. Future minimum rental payments under these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 170,885
2019	170,885
2020	173,964
2021	180,122
2022	180,122
2023	180,122
2024	180,122
2025	120,081

9) Donated services

The value of donated services included as contributions in the consolidated financial statements and the corresponding program expenses for the year ended December 31, 2017, were travel expense of \$9,600, meetings and events expense of \$21,428, meals and entertainment expense of \$2,875, consulting expense of \$20,000, dues expense of \$3,000, payroll processing expense of \$4,697, supplies expense of \$10,000, and marketing expense of \$75,435.

The value of donated services included as contributions in the consolidated financial statements and the corresponding program expenses for the year ended December 31, 2016, were travel expense of \$4,800, lodging expense of \$10,000, professional services expense of \$1,720, meetings and events expense of \$28,143, meals and entertainment expense of \$4,857, telephone expense of \$4,904, website development expense of \$10,000, and marketing expense of \$61,190.

GREATER NEW ORLEANS, INC., AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

10) Related party transactions

During 2017, GNO, Inc. contracted with two law firms to provide consulting services on a monthly basis. Two members of the Board of Directors are partners with these firms. The combined fees paid to the law firms for the year ended December 31, 2017 was \$182,791. Other services provided by companies who were associated with GNO, Inc. Board of Directors totaled \$4,700 for the year ended December 31, 2017.

During 2016, GNO, Inc. contracted with two law firms to provide consulting services on a monthly basis. Two members of the Board of Directors are partners with these firms. The combined fees paid to the law firms for the year ended December 31, 2016 was \$71,113. Other services provided by companies who were associated with GNO, Inc. Board of Directors totaled \$8,366 for the year ended December 31, 2016.

11) Subsequent events

Management evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATED SCHEDULES OF EXPENSES

For the Years Ended December 31, 2017 and 2016

	2017	2016
Bad debt expense	\$ 29,999	\$ 243,152
Bank service charge	804	1,867
Contracted staff expenses	-	5,000
Consultants	882,163	745,534
Development	167,808	63,543
Depreciation	48,657	48,657
Dues and subscriptions	66,398	55,983
Grants	365,133	-
Grant administration	187,086	140,001
Interest	411	-
Insurance	104,872	95,232
Marketing	82,983	63,486
Meetings and events	342,908	397,774
Merchant credit card fees	2,021	3,308
Payroll service fees	18,325	8,455
Payroll taxes	129,876	136,483
Postage and delivery	1,920	2,431
Printing and reproduction	33,885	42,423
Professional services	19,346	18,395
Public relations	53,892	14,520
Rent expense	186,728	170,121
Repairs and maintenance	3,374	3,186
Salary and wages	2,111,977	2,153,725
Service awards	22,702	18,566
Storage	7,237	6,657
Supplies	24,490	33,827
Training and development	-	1,908
Technology	28,193	36,152
Telephone	41,331	48,361
Travel, meals and entertainment	240,578	421,384
Website development	3,824	89,833
401K contributions	54,850	59,811
	\$ 5,263,771	\$ 5,129,775
Total expenses		

GREATER NEW ORLEANS, INC., AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2017

	Greater New Orleans, Inc	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 670,622	\$ 1,966,813	\$ 2,637,435	\$ -	\$ 2,637,435
Accounts receivable	1,371,586	92,967	1,464,553	(364,122)	1,100,431
Other current assets	161,567	-	161,567	-	161,567
Total current assets	<u>2,203,775</u>	<u>2,059,780</u>	<u>4,263,555</u>	<u>(364,122)</u>	<u>3,899,433</u>
Property and equipment, at cost less accumulated depreciation	123,014	-	123,014	-	123,014
Deposits	636	-	636	-	636
Total assets	<u>\$ 2,327,425</u>	<u>\$ 2,059,780</u>	<u>\$ 4,387,205</u>	<u>\$ (364,122)</u>	<u>\$ 4,023,083</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 58,380	\$ 348,125	\$ 406,505	\$ (364,122)	\$ 42,383
Accrued payroll liabilities	321,309	11,295	332,604	-	332,604
Other current liabilities	177,136	5,000	182,136	-	182,136
Total current liabilities	<u>556,825</u>	<u>364,420</u>	<u>921,245</u>	<u>(364,122)</u>	<u>557,123</u>
NET ASSETS					
Net assets					
Unrestricted	1,770,600	1,018,581	2,789,181	-	2,789,181
Temporarily restricted	-	676,779	676,779	-	676,779
Total net assets	<u>1,770,600</u>	<u>1,695,360</u>	<u>3,465,960</u>	<u>-</u>	<u>3,465,960</u>
Total liabilities and net assets	<u>\$ 2,327,425</u>	<u>\$ 2,059,780</u>	<u>\$ 4,387,205</u>	<u>\$ (364,122)</u>	<u>\$ 4,023,083</u>

GREATER NEW ORLEANS, INC., AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2016

	Greater New Orleans, Inc	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 720,768	\$ 2,495,212	\$ 3,215,980	\$ -	\$ 3,215,980
Certificate of deposits	-	16,205	16,205	-	16,205
Accounts receivable	1,461,379	164,026	1,625,405	(588,132)	1,037,273
Other current assets	31,685	-	31,685	-	31,685
Total current assets	<u>2,213,832</u>	<u>2,675,443</u>	<u>4,889,275</u>	<u>(588,132)</u>	<u>4,301,143</u>
Property and equipment, at cost less accumulated depreciation	171,671	-	171,671	-	171,671
Deposits	<u>5,636</u>	<u>-</u>	<u>5,636</u>	<u>-</u>	<u>5,636</u>
Total assets	<u>\$ 2,391,139</u>	<u>\$ 2,675,443</u>	<u>\$ 5,066,582</u>	<u>\$ (588,132)</u>	<u>\$ 4,478,450</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 227,284	\$ 596,110	\$ 823,394	\$ (588,132)	\$ 235,262
Accrued payroll liabilities	266,348	11,801	278,149	-	278,149
Other current liabilities	348,762	25,000	373,762	-	373,762
Total current liabilities	<u>842,394</u>	<u>632,911</u>	<u>1,475,305</u>	<u>(588,132)</u>	<u>887,173</u>
NET ASSETS					
Net assets					
Unrestricted	1,548,745	820,064	2,368,809	-	2,368,809
Temporarily restricted	-	1,222,468	1,222,468	-	1,222,468
Total net assets	<u>1,548,745</u>	<u>2,042,532</u>	<u>3,591,277</u>	<u>-</u>	<u>3,591,277</u>
Total liabilities and net assets	<u>\$ 2,391,139</u>	<u>\$ 2,675,443</u>	<u>\$ 5,066,582</u>	<u>\$ (588,132)</u>	<u>\$ 4,478,450</u>

GREATER NEW ORLEANS, INC., AND AFFILIATE
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	GNO, Inc. Unrestricted	Foundation Unrestricted	Foundation Temporarily Restricted	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues						
Investor contributions	\$ 1,975,549	\$ 389,386	\$ -	\$ 2,364,935	\$ -	\$ 2,364,935
Sponsorship	405,450	155,400	-	560,850	-	560,850
NORLI	-	-	102,885	102,885	-	102,885
Grants	842,031	105,241	946,596	1,893,868	-	1,893,868
Management fees	1,052,031	36,094	-	1,088,125	(1,088,125)	-
Interest income	-	9,867	-	9,867	-	9,867
Other income	206,049	-	-	206,049	-	206,049
Net assets released from restrictions	-	1,595,170	(1,595,170)	-	-	-
Total revenues	4,481,110	2,291,158	(545,689)	6,226,579	(1,088,125)	5,138,454
Expenses						
Program services						
Grants	833,469	1,264,210	-	2,097,679	(702,298)	1,395,381
Initiatives	452,429	387,349	-	839,778	(35,668)	804,110
Public	72,221	-	-	72,221	-	72,221
Business development	686,211	-	-	686,211	-	686,211
Communications	191,717	-	-	191,717	-	191,717
Supporting services						
General and administrative	2,023,208	441,082	-	2,464,290	(350,159)	2,114,131
Total expenses	4,259,255	2,092,641	-	6,351,896	(1,088,125)	5,263,771
Change in net assets	221,855	198,517	(545,689)	(125,317)	-	(125,317)
Net assets						
Beginning of year	1,548,745	820,064	1,222,468	3,591,277	-	3,591,277
End of year	\$ 1,770,600	\$ 1,018,581	\$ 676,779	\$ 3,465,960	\$ -	\$ 3,465,960

GREATER NEW ORLEANS, INC., AND AFFILIATE
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	GNO, Inc. Unrestricted	Foundation Unrestricted	Foundation Temporarily Restricted	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues						
Investor contributions	\$ 2,035,064	\$ 524,461	\$ -	\$ 2,559,525	\$ -	\$ 2,559,525
Sponsorship	343,250	43,926	-	387,176	-	387,176
NORLI	-	-	180,943	180,943	-	180,943
Grants	794,709	122,558	817,462	1,734,729	-	1,734,729
Management fees	1,005,360	41,841	-	1,047,201	(1,027,309)	19,892
Interest income	-	1,125	-	1,125	-	1,125
Other income	398,484	-	-	398,484	-	398,484
Net assets released from restrictions	-	1,108,985	(1,108,985)	-	-	-
Total revenues	4,576,867	1,842,896	(110,580)	6,309,183	(1,027,309)	5,281,874
Expenses						
Program services						
Grants	802,689	1,082,148	-	1,884,837	(607,937)	1,276,900
Initiatives	613,782	187,769	-	801,551	(59,949)	741,602
Public	74,711	-	-	74,711	-	74,711
Business development	608,011	-	-	608,011	(1,741)	606,270
Communications	166,945	-	-	166,945	-	166,945
Supporting services						
General and administrative	2,109,237	511,792	-	2,621,029	(357,682)	2,263,347
Total expenses	4,375,375	1,781,709	-	6,157,084	(1,027,309)	5,129,775
Change in net assets	201,492	61,187	(110,580)	152,099	-	152,099
Net assets						
Beginning of year	1,347,253	758,877	1,333,048	3,439,178	-	3,439,178
End of year	\$ 1,548,745	\$ 820,064	\$ 1,222,468	\$ 3,591,277	\$ -	\$ 3,591,277



WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' 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
Greater New Orleans, Inc. and its affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

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 consolidated financial statements of Greater New Orleans, Inc., and its affiliate Greater New Orleans Development Foundation which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's consolidated 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 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.

June 29, 2018

Wegman Dancy & Co

GREATER NEW ORLEANS, INC. AND AFFILIATE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended December 31, 2017

SUMMARY OF COMPENSATION

Michael Hecht
President & CEO

*None of the agency head's compensation was derived from state and/or local assistance.

GREATER NEW ORLEANS, INC.
AND AFFILIATE

STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017



WEGMANN DAZET & COMPANY

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Greater New Orleans, Inc.
and Affiliate
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Greater New Orleans, Inc. and Affiliate (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, 2017 through December 31, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

We performed the procedures noted above and noted no exceptions.
 - 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.

We performed the procedures noted above and noted no exceptions.
 - c) ***Disbursements***, including processing, reviewing, and approving.

We performed the procedures noted above and noted no exceptions.
 - d) ***Receipts***, including receiving, recording, and preparing deposits.

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

- 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.

We performed the procedures noted above and noted no exceptions.

- 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, and (5) monitoring card usage.

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We performed the procedures noted above and noted meetings were held each month except for two months where no formal board meeting was held. In January there was a board retreat held and in February the annual meeting was held.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We performed the procedures noted above and noted no exceptions.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures noted above and noted no exceptions.

Management Response:

2 a) Board Meetings: The Organization holds formal board meetings monthly except for the months when the board retreat is held and the month the annual meeting is held.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We performed the procedures noted above and noted no exceptions.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We performed the procedures noted above and noted no exceptions.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We performed the procedures noted above and noted no exceptions.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures noted above and noted no exceptions.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We performed the procedures noted above and noted no exceptions.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We performed procedures noted above and noted that individual employees are not bonded however the company has a dishonesty policy in place.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We performed the procedures noted above and noted no exceptions.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We performed the procedures noted above and noted no exceptions.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We performed the procedures noted above and noted no exceptions.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

We performed the procedures noted above and noted no exceptions.

Management Response:

6 a) Cash Collections: Greater New Orleans, Inc. policies do not require employees to be bonded and the Organization does not accept cash as a form of payment. As a mitigating control, the Organization has an employee crime coverage policy with a limit of \$500,000.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We performed the procedures noted above and noted no exceptions.

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We performed the procedures noted above and noted the following:

None of the items tested were initiated using a requisition/purchase order system or an equivalent electronic system and written policies and procedures do not require such documentation.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We performed the procedures noted above and noted the following:

None of the items tested were initiated using a requisition/purchase order system or an equivalent electronic system and written policies and procedures do not require such documentation.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We performed the procedures noted above and noted the following:

None of the items tested had a receiving report. None of the items tested were initiated using a requisition/purchase order system or obtain receiving reports and procedures do not require such documentation.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We performed the procedures noted above and noted the following:

The person responsible for processing payments can add vendors to the accounting system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the procedures noted above and noted no exceptions.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the procedures noted above and noted the following exceptions:

Blank check stock can be accessed by those who have check signing authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

We performed the procedures noted above and noted no exceptions.

Management Response:

9 a) Disbursements: None of the items tested were initiated using a requisition/purchase order system or an equivalent electronic system and written policies and procedures do not require such documentation. Procedures are in place where purchases are approved as follows:

The public funds received are from specific grants that the Organization has supplied budgets and justifications to receive these awards. Managers are aware of the program budgets and manage the purchasing of items by any other staff in accordance with this budget. Managers must approve invoices before submitting to the Accounts Payable Department to be processed for payment. A mitigating control is the accounting department reviews all expenses when submitting the cost reimbursement package to the granting agency.

9 b) Disbursements: None of the items tested were initiated using a requisition/purchase order system or an equivalent electronic system and written policies and procedures do not require such documentation. Procedures are in place where purchases are approved as follows:

The public funds received are from specific grants that the Organization has supplied Budgets and justifications to receive these awards. Managers are aware of the program budgets and manage the purchasing of items by any other staff in accordance with this budget. Managers must approve invoices before submitting to the Accounts Payable Department to be processed for payment. A mitigating control is the accounting Department reviews all expenses when submitting the cost reimbursement package to the granting agency.

9 c) Disbursements: Purchase orders and receiving reports are currently not used and procedures do not require such documentation. Procedures are in place where purchases are approved as follows:

The public funds received are from specific grants that the Organization has supplied budgets and justifications to receive these awards. Managers are aware of the program budgets and manage the purchasing of items by any other staff in accordance with this budget. Managers must approve invoices before submitting to the Accounts Payable Department to be processed for payment. A mitigating control is the accounting department reviews all expenses when submitting the cost reimbursement package to the granting agency.

10 Disbursements: The person responsible for processing payments can add vendors to the accounting system. Procedures will be implemented where the ability to add vendors has been removed from the person responsible for processing payments.

12 Disbursements: Blank check stock can be accessed by those who have check signing authority. The Organization has a mitigating control that requires dual signatures on all checks over \$5,000. Additionally, the Organization will implement a procedure where a non-check signer, the Manager of Finance and Compliance, will store the checks in a locked cabinet in his locked office.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

We performed the procedures noted above and noted no exceptions.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

We performed the procedures noted above and noted no exceptions.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

We performed the procedures noted above and noted no exceptions.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

We performed the procedures noted above and noted no exceptions.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

We performed the procedures noted above and noted no exceptions.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

We performed the procedures noted above and noted no exceptions.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization).

We performed the procedures noted above and noted no exceptions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We performed the procedures noted above and noted no exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures noted above and noted no exceptions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures noted above and noted no exceptions.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We performed the procedures noted above and noted no exceptions.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We performed the procedures noted above and noted no exceptions.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

We performed the procedures noted above and noted no exceptions.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures noted above and noted no exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures noted above and noted no exceptions.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures noted above and noted no exceptions.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We performed the procedures noted above and noted no exceptions.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We performed the procedures noted above and noted no exceptions.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We performed the procedures noted above and noted no exceptions.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We performed the procedures noted above and noted no exceptions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We performed the procedures noted above and noted no exceptions.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We performed the procedures noted above and noted no exceptions.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We performed the procedures noted above and noted no exceptions.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

We performed the procedures noted above and noted no exceptions.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We performed the procedures noted above and noted no exceptions.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We performed the procedures noted above and noted no exceptions.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We performed the procedures noted above and noted no exceptions.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We performed the procedures noted above and noted no exceptions.

Other

- 26. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedures noted above and noted no exceptions.

27. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and exceptions were noted.

Management Response:

Notice required by R.S. 24:523.1 was not posted on the Organization's premises and the notice was not posted on the Organization's website. As of the date of this report, Management has added the notice to the Organization's website and it has been posted on the premises.

28. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedures and noted no exceptions.

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 matters 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.

June 29, 2018

Wegman Dargatzis & Co