

2018 NOLA FOUNDATION

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2018

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Society of Louisiana
Certified Public Accountants

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Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
2018 NOLA Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the **2018 NOLA Foundation (the Foundation)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
2018 NOLA Foundation
New Orleans, Louisiana

Auditors' Responsibility, Continued

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
2018 NOLA Foundation
New Orleans, Louisiana

Subsequent Event

As discussed in NOTE 11 to the financial statements, subsequent to December 31, 2018, **the Foundation's** Board of Directors approved a plan of voluntary liquidation with the anticipation that **the Foundation** will cease operations in 2019. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was 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 President/Chief Executive Officer are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
2018 NOLA Foundation
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of **the Foundation's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the Foundation's** internal control over financial reporting and compliance.

Bruno + Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 14, 2019

2018 NOLA FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Cash (NOTES 2 and 3)	\$169,350
Restricted cash (NOTE 4)	47,583
Accounts receivable	50,000
Prepaid expenses	4,763
Other assets	<u>4,584</u>
 Total assets	 <u>\$276,280</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accrued expenses	\$ 59,226
Due to affiliate (NOTE 5)	13,333
Funds held on behalf of others	10,633
Due to funding source (NOTE 11)	<u>36,950</u>

Total liabilities 120,142

Net Assets:

Without donor restrictions	24,195
With donor restrictions (NOTE 6)	<u>131,943</u>

Total net assets 156,138

Total liabilities and net assets \$276,280

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

2018 NOLA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES:			
Grants and contributions (NOTE 7)	\$ 706,652	\$ 1,262,500	\$ 1,969,152
Sponsorships	150,000	-0-	150,000
In-kind revenue	8,000	-0-	8,000
Other income	80,628	-0-	80,628
Net assets released from restrictions:			
Satisfaction of purpose restrictions (NOTE 6)	<u>2,333,376</u>	<u>(2,333,376)</u>	<u>-0-</u>
Total support and revenues	<u>3,278,656</u>	<u>(1,070,876)</u>	<u>2,207,780</u>
EXPENSES:			
Program services	3,364,068	-0-	3,364,068
Supporting services:			
Management and general	96,681	-0-	96,681
Fundraising	<u>72,764</u>	<u>-0-</u>	<u>72,764</u>
Total expenses	<u>3,533,513</u>	<u>-0-</u>	<u>3,533,513</u>
OTHER CHANGES IN NET ASSETS:			
Return of donor-restricted contribution (NOTE 11)	<u>-0-</u>	<u>(36,950)</u>	<u>(36,950)</u>
Changes in net assets	(254,857)	(1,107,826)	(1,362,683)
Net assets, beginning of year	<u>279,052</u>	<u>1,239,769</u>	<u>1,518,821</u>
Net assets, end of year	<u>\$ 24,195</u>	<u>\$ 131,943</u>	<u>\$ 156,138</u>

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

2018 NOLA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	SUPPORTING SERVICES		
		Management and General	Fundraising	Total
Compensation and related expenses	\$ -0-	\$39,297	\$ -0-	\$ 39,297
Event and project management:				
Tricentennial Culminating Events	1,744,994	-0-	-0-	1,744,994
Legacy Project - The Will and the Way	243,749	-0-	-0-	243,749
NOLA 300 Past, Present, and Future	10,000	-0-	-0-	10,000
NOLA Navy Week	9,051	-0-	-0-	9,051
Slave Marker Project	30,011	-0-	-0-	30,011
Fireworks Displays	114,266	-0-	-0-	114,266
Service Project	23,388	-0-	-0-	23,388
Mayor's Cultural Series	11,763	-0-	-0-	11,763
Tricentennial Symposium	35,562	-0-	-0-	35,562
Spanish Royal Household Visit	83,494	-0-	-0-	83,494
Contributions made:				
City of New Orleans - Gallier Hall renovations	244,841	-0-	-0-	244,841
Next 300 Challenge Awards	545,000	-0-	-0-	545,000
Neighborhood Grants	62,500	-0-	-0-	62,500
Website	2,425	-0-	-0-	2,425
Up from the Streets Documentary	75,000	-0-	-0-	75,000
Miscellaneous	3,929	6,350	-0-	10,279
Promotional items	116,095	-0-	-0-	116,095
In-kind expense	8,000	-0-	-0-	8,000
Office expense	-0-	12,959	-0-	12,959
Contract services	-0-	27,727	72,764	100,491
Travel	-0-	2,478	-0-	2,478
Insurance	-0-	7,870	-0-	7,870
 Total	 <u>\$3,364,068</u>	 <u>\$96,681</u>	 <u>\$72,764</u>	 <u>\$3,533,513</u>

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

2018 NOLA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ (1,362,683)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Decrease in unconditional promises to give	1,125,000
Increase in accounts receivable	(34,555)
Decrease in prepaid expenses	122,401
Decrease in other assets	7,426
Decrease in accrued expenses	(21,295)
Decrease in due to affiliate	(28,874)
Increase in funds held on behalf of others	5,000
Increase in due to funding source	<u>36,950</u>
Net cash used in operating activities	<u>(150,630)</u>
Net decrease in cash	(150,630)
Cash and restricted cash, at beginning of year	<u>367,563</u>
Cash and restricted cash, at end of year	\$ <u><u>216,933</u></u>

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

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION:

The **2018 NOLA Foundation (the Foundation)** is a 501(c)(3) nonprofit organization established October 1, 2014. The mission of **the Foundation** was to promote the 300th anniversary of the City of New Orleans in 2018. **The Foundation's** efforts were focused on raising awareness about the cultural significance of the city and its evolution over time. **The Foundation** was responsible for restoring historic Gallier Hall as well as planning multiple events to commemorate the tricentennial, including hosting educational panels, policy discussions, volunteer opportunities for citizens and visitors, neighborhood activities, historical re-enactments and other special events. **The Foundation** worked with local organizations, including schools and universities, to make the tricentennial a memorable event for not only the citizens of New Orleans, but the United States.

The mayor of the City of New Orleans established the 2018 NOLA Commission (the Commission), composed of a volunteer group of key leaders in the community to organize international, national and local partners for the planning of the tricentennial celebration activities. **The Foundation** worked in close association with the Commission; however, **the Foundation** is a separate legal entity from the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The Foundation's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting

Effective January 1, 2018, **the Foundation** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **the Foundation** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **the Foundation** are included in this category.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Cash Equivalents

For purposes of the statement of cash flows, **the Foundation** considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. **The Foundation** had no cash equivalents at December 31, 2018.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition

Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Deferred Revenues

Deferred revenue arises when resources are received by **the Foundation** before it has a legal claim to them. In subsequent periods, when **the Foundation** has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced. At December 31, 2018, **the Foundation** had no deferred revenues.

Functional Allocation of Expenses

The costs of providing **the Foundation's** various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among **the Foundation's** programs and supporting services benefitted.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Income Taxes

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes has been made in the accompanying financial statements. Should **the Foundation's** tax-exempt status be challenged in the future, **the Foundation's** 2015 through 2017 tax years are open for examination by the Internal Revenue Service.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Foundation maintains a noninterest-bearing deposit account at a financial institution in New Orleans, Louisiana. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution per depositor. At December 31, 2018, **the Foundation** had uninsured deposits totaling \$16,610.

NOTE 4 - RESTRICTED CASH:

Restricted cash at December 31, 2018 in the amount of \$47,583 is limited in use as follows:

Funds held on behalf of others	\$10,633
Due to funding source	<u>36,950</u>
	<u>\$47,583</u>

NOTE 5 - RELATED PARTY TRANSACTIONS:

The Foundation and an affiliated organization, the New Orleans Tourism Marketing Corporation (NOTMC) (a component unit of the City of New Orleans), have the same individual as President/Chief Executive Officer. The individual serves in a volunteer capacity for **the Foundation**.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - RELATED PARTY TRANSACTIONS, CONTINUED:

For the year ended December 31, 2018, NOTMC provided a \$100,000 grant to **the Foundation**. In addition, NOTMC incurred certain reimbursable expenses during the year. The balance of unreimbursed expenses at December 31, 2018 was \$13,333.

NOTE 6 - RESTRICTIONS ON NET ASSETS:

At December 31, 2018, net assets with donor restrictions in the amount of \$131,943 are available for the following purposes:

Renovation of Gallier Hall	\$130,331
Service Project	<u>1,612</u>
	<u>\$131,943</u>

For the year ended December 31, 2018, net assets were released from restrictions for the following purposes:

Gallier Hall Renovations	\$ 256,727
Operations	50,761
Tricentennial Culminating Events	1,000,000
Next 300 Challenge Awards	625,000
Service Project	23,388
Fireworks Displays	50,000
Spanish Royal Household Visit	27,500
Legacy Project - The Will and the Way	250,000
Up from the Streets Documentary	<u>50,000</u>
	<u>\$2,333,376</u>

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - GRANT AND CONTRIBUTION REVENUE:

Grant and contribution revenue for the year ended December 31, 2018 consisted of the following sources:

City of New Orleans -	
Edward Wisner Donation	\$ 750,000
Iberia Bank	260,000
W.K. Kellogg Foundation	250,000
Transdev Services, Inc.	250,000
United Way	100,000
New Orleans Tourism Marketing Corporation	100,000
Chevron North America	50,000
Dalio Foundation	50,000
Ochsner Foundation	50,000
Southwest Airlines	25,000
AECOM Technology Corporation	25,000
Helis Foundation	10,000
Ernest N. Morial Convention Center	10,000
Others	<u>39,152</u>
	<u>\$1,969,152</u>

NOTE 8 - CONTRIBUTIONS MADE:

The Foundation served in the capacity of project manager for the renovation of historic Gallier Hall, which is owned by the City of New Orleans. Costs incurred in the renovation of Gallier Hall totaled \$244,841 for the year ended December 31, 2018. **The Foundation** also made contributions to various organizations in the form of challenge awards and neighborhood grants. These expenditures are reported as contributions made and are classified as program services in the statement of functional expenses.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects **the Foundation's** financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are available for use within one year for general purposes include cash and accounts receivable.

Financial assets at year end	\$266,933
Less those unavailable for general expenditures within one year due to:	
Funds held on behalf of others	10,633
Due to funding source	36,950
Donor-restricted for Gallier Hall renovations	130,331
Donor-restricted for service projects	<u>1,612</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>87,407</u>

NOTE 10 - DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through June 14, 2019, the date which the financial statements were available to be issued.

NOTE 11 - SUBSEQUENT EVENT:

Subsequent to December 31, 2018, **the Foundation's** Board of Directors approved a plan of voluntary liquidation with the anticipation that **the Foundation** will cease operations in 2019. In January, 2019, **the Foundation** began implementing the liquidation plan by converting assets to cash. As part of the liquidation plan, **the Foundation** will also settle any obligations it may have with creditors.

2018 NOLA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - SUBSEQUENT EVENT, CONTINUED:

As of June 14, 2019, **the Foundation** has not satisfied all of the purpose restrictions applicable to grants and contributions received with donor restrictions. In light of **the Foundation's** anticipated liquidation, one donor has requested the return of the unspent balance of its contribution that was restricted for renovation of Gallier Hall, which amounts to \$36,950 at June 14, 2019. In accordance with FASB ASC 450, *Contingencies*, this amount has been accrued as a liability in the statement of financial position. All other donor-restricted contributions have been approved for transfer to the Greater New Orleans Foundation, a tax-exempt 501(c)(3) organization, upon liquidation of **the Foundation**.

SUPPLEMENTARY INFORMATION

2018 NOLA FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO PRESIDENT/CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018

President/Chief Executive Officer Name: Mark Romig

Purpose

Salary	\$	-0-
Benefits - insurance		-0-
Benefits - retirement		-0-
Benefits - office parking		-0-
Car allowance		-0-
Vehicle provided by government		-0-
Per diem		-0-
Reimbursements		4,826
Travel		-0-
Registration fees		-0-
Conference travel		-0-
Continuing professional education fees		-0-
Housing		-0-
Unvouchered expenses		-0-
Special meals		-0-

See Independent Auditors' Report on Supplementary Information.



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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
2018 NOLA 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 financial statements of the **2018 NOLA Foundation (the Foundation)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and 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 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Foundation's** internal control.

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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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 Foundation'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 **the Foundation's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
(CONTINUED)

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 Foundation'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 Foundation's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 14, 2019

2018 NOLA FOUNDATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **Unmodified Opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **Not applicable.** Material weaknesses: **Not applicable.**
- E. The type of report issued on compliance for major programs: **Not Applicable.**
- F. Any audit findings which are required to be reported under *the Uniform Guidance*: **Not Applicable.**
- G. Major programs: **Not Applicable**
- H. Dollar threshold used to distinguish between Type A and Type B programs: **Not Applicable.**
- I. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **Not Applicable.**
- J. A management letter issued: **No.**

2018 NOLA FOUNDATION
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters reported.

Section III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Not applicable.

2018 NOLA FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters reported.

Section II - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Not applicable.

Section III - MANAGEMENT LETTER

No matters reported.

2018 NOLA FOUNDATION

EXIT CONFERENCE

An exit conference was held with members of management and the Board of Directors to discuss the audit report. The individuals who participated in the discussion were as follows:

2018 NOLA FOUNDATION

Mr. Mark Romig	--	President and CEO
Mrs. Tiffany Jackson, CPA	--	Accountant
Mr. Richard F. Cortizas	--	Board Chair
Mr. Stephen Hales	--	Board Treasurer
Mr. Timothy Francis	--	Board Secretary
Ms. Diana Lewis	--	Board Member

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mrs. Sherina R. Clavier, CPA	--	Manager
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2018 NOLA FOUNDATION

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2018



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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **2018 NOLA FOUNDATION**
and the Louisiana Legislative Auditor:

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

This agreed-upon procedures engagement was performed 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 the 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.

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PROCEDURES AND FINDINGS

The procedures and findings related to the Statewide Agreed-Upon Procedures are as follows:

Written Policies and Procedures

1. We obtained **the Foundation's** written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and **the Foundation's** operations):

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

No exceptions were noted.

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.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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- 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.

The Foundation contracting policy does not address types of services requiring written contracts, standard terms and conditions, and legal review.

Management's Response

The Board members of the Foundation are planning to dissolve the Foundation in 2019. If this dissolution does not occur, then we will update the contracts policy to meet the standards required by the Louisiana Legislative Auditor.

- g) Credit Cards, 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.

This procedure is not applicable; the Foundation does not have a credit/debit/fuel/P card.

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

No exceptions were noted.

Board (or Finance Committee, if applicable)

2. We obtained and inspected the Board/Finance Committee minutes for the fiscal period, as well as the Board's enabling legislation, charter, bylaws or equivalent document in effect during the fiscal period, and:

- a) Observed 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.

No exceptions were noted.

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- b) For those entities reporting on the governmental accounting model, observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observed 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.

No exceptions were noted.

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

This procedure is not applicable.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify **the Foundation's** main operating account. We selected **the Foundation's** only bank account and randomly selected one (1) month from the fiscal period. We obtained and inspected the corresponding bank statement and reconciliation and observed that:

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

No exceptions were noted.

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

No exceptions were noted.

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

We noted the bank reconciliation for the Operating account had one (1) reconciling item older than twelve (12) months; however, there was no documentation reflecting management researched this item.

Management's Response

The research on the outstanding items occurred after the 12 months. We will update our accounting policy to note that outstanding items must be researched within 12 months of item posting to accounting records.

Cash Collections

4. We obtained 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.

No exceptions were noted.

5. For **the Foundation's** only deposit site, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one (1) location for the deposit site, obtained and inspected the written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at each collection location such that:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- 7. We randomly selected two (2) deposit dates for the bank account selected for procedure #3 under "Bank Reconciliations" above. We then obtained supporting documentation for each of the two (2) deposits and:

- a) Observed that receipts are sequentially pre-numbered.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- d) Observed that the deposit was made within one (1) business day of receipt at the collection location (within one week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100).

No exceptions were noted.

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

No exceptions were noted.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

No exceptions were noted.

9. For the one (1) location identified under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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10. For the one (1) location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five (5) disbursements, obtained supporting documentation for each transaction and:

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

No exceptions were noted.

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

No exceptions were noted.

Travel and Expense Reimbursement

11. We obtained from management a listing of all travel and travel related reimbursements during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or U.S. General Services Administration (www.gsa.gov).

No exceptions were noted.

- b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

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- c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were noted.

- d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted two (2) of five (5) transactions tested did not include documentation of the business purpose. However, all disbursements appear to be for a valid business purpose.

Management's Response

We will conduct a second review of all reimbursements to ensure that the business purpose for all transactions are included on the reimbursement request.

Contracts

12. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected five (5) contracts from the listing, and:

- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

None of the contracts reviewed were subject to Louisiana Public Bid Law, therefore this procedure is not applicable.

- b) We observed that the contract was approved by the governing body/board, if required by policy or law.

None of the contracts reviewed were required by policy or law to be approved by the governing board, therefore this procedure is not applicable.

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

None of the contracts reviewed were amended, therefore this procedure is not applicable.

- d) We randomly selected one (1) payment from the fiscal period for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

We noted there was no contract support for \$5,040.00 of \$25,018.91 in charges for one (1) contract payment reviewed.

Management's Response

In the future, we will obtain signed addendums/new contracts to ensure that invoices are supported by an agreement between parties.

Other

13. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that **the Foundation** reported the misappropriations to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

No misappropriations of public funds or assets were reported during the period.

14. We observed that **the Foundation** 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.

No exceptions were noted.

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We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 control and compliance 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 Legislative Auditor as a public document.

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