Luther Speight & Company
Certified Public Accountants and Consultants

NOLA BUSINESS ALLIANCE, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019 AND 2018

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Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NOLA Business Alliance, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As discussed in Note 13 to the financial statements, NOLA Business Alliance adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of NOLA Business Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOLA Business Alliance, Inc.'s internal control over financial reporting and compliance.

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

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
October 7, 2020

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	$ 3,028,673	$ 4,215,727
Other Receivables	7,451	3,372
Grants Receivable	1,560,000	-
Pledges Receivable	52,930	128,237
Prepaid Expenses	30,824	39,041
Deposits	26,819	26,819
Fixed Assets, net	186,920	144,493
Total Assets	4,893,617	4,557,689
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	537,291	285,769
Fringe Benefit Liabilities	181,280	147,677
Total Liabilities	718,571	433,446
Net Assets		
Without Donor Restrictions	4,170,371	4,119,568
With Donor Restrictions	4,675	4,675
Total Net Assets	4,175,046	4,124,243
TOTAL LIABILITIES & NET ASSETS	$ 4,893,617	$ 4,557,689

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Grant Revenue	6,661,361	$ -	$ 6,661,361	$ 8,234,805	$ -	$ 8,234,805
Private Contributions	628,950	-	628,950	410,946	200,500	611,446
In-kind Contributions	-	-	-	-	-	-
Interest Income	23,800	-	23,800	18,575	-	18,575
Miscellaneous Revenue	183,537	-	183,537	44,583	-	44,583
Releases from Restrictions	-	-	-	255,500	(255,500)	-
Total Revenues and Other Support	7,497,648	-	7,497,648	8,964,409	(55,000)	8,909,409
EXPENSES						
Program Services	6,178,406	-	6,178,406	4,196,726	-	4,196,726
Management and General	788,016	-	788,016	970,919	-	970,919
Fundraising	637,385	-	637,385	493,896	-	493,896
Total Expenses	7,603,807	-	7,603,807	5,661,541	-	5,661,541
Change in Net Assets	(106,159)	-	(106,159)	3,302,868	(55,000)	3,247,868
Net assets, beginning of year	4,119,568	4,675	4,124,243	816,700	59,675	876,375
Net assset adjustments	156,962	-	156,962	-	-	-
Net assets, end of year	$ 4,170,371	$ 4,675	$ 4,175,046	$ 4,119,568	$ 4,675	$ 4,124,243

The accompanying notes are an integral part of these financial statements

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMEBER 31, 2019 AND 2018

	Program Service	Management and General	Fundraising	2019 Total	2018 Total
Salaries & related expenses	$ 2,617,799	$ 357,087	$ 398,358	$ 3,373,244	$ 2,827,495
Professional services and fees	1,397,105	110,710	51,155	1,558,970	575,657
Insurance	34,706	9,445	6,107	50,258	27,019
Rent & parking	92,908	30,193	16,740	139,841	135,659
Office Expense	5,110	2,854	919	8,883	14,552
Membership dues	19,147	21,357	450	40,954	126,079
Conference & meeting expense	418,952	33,731	29,896	482,579	234,206
Database & research expense	41,125	1,840	1,189	44,154	19,200
Sub-recipient expense	1,167,582	142,758	67,117	1,377,457	1,229,502
Miscellaneous Expense	-	4,279	400	4,679	1,431
Travel expense	68,084	6,461	3,865	78,410	51,977
Uncollectible pledge provision	50	1,991	32,987	35,028	30,697
Marketing expense	96,593	7,599	6,195	110,387	105,765
Advertising	2,404	935	-	3,339	6,020
Depreciation	19,122	21,244	3,491	43,857	24,861
Staff development	15,212	2,199	-	17,411	15,231
Repairs & maintenance	7,933	2,240	1,449	11,622	75,348
Sponsorships & Donations	89,745	7,048	3,524	100,317	99,183
Telephone & telecommunications	39,059	9,747	6,302	55,108	30,267
Office Supplies	22,093	6,065	3,901	32,059	16,198
Printing & reproduction	19,064	5,058	2,996	27,118	11,402
Subscriptions	4,613	3,175	344	8,132	3,792
	$ 6,178,406	$ 788,016	$ 637,385	$ 7,603,807	$ 5,661,541

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (106,159)	$ 3,247,868
Net Asset Adjustments	156,962	-
Adjustments to reconcile net income to net cash:		
Depreciation Expense	43,857	24,861
Changes in assets and liabilities		
(Increase)/Decrease in Receivables	(1,488,772)	148,315
(Increase)/Decrease in Prepaid Expenses	8,217	(6,201)
Decrease in Other Current Assets	-	(20,034)
Increase/(Decrease) in Accounts Payable	251,522	(10,265)
(Decrease) in Deferred Revenue	-	(1,404,750)
(Decrease) in Deferred Rent Liability	-	(438)
Increase in Payroll Liabilities	33,603	73,479
Net Cash Provided/(Used) by Operating Activities	(1,100,770)	2,052,835
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(86,284)	(126,743)
Net Cash Used by Investing Activities	(86,284)	(126,743)
Net change in cash and cash equivalents	(1,187,054)	1,926,092
Cash and cash equivalents - beginning of period	4,215,727	2,289,635
Cash and cash equivalents - end of period	$ 3,028,673	$ 4,215,727

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

1. Nature of Activities

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of presentation

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

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

2. Summary of Significant Accounting Policies (continued)

At December 31, 2019, the Organization had $4,675 in net assets with donor restrictions.

Use of estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes
The Organization is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statues. The Organization paid no federal income tax for the years ended December 31, 2019 and 2018.

The Organization's tax returns for the years ended 2018, 2017, and 2016 remain open and subject to examination by taxing authorities. The organization's 2019 tax return has not yet been filed as of the report date.

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

Grants receivable
Grants receivable at December 31, 2019 consists of amounts due from the City of New Orleans and from the W.K. Kellogg Foundation. The total amounts of grants receivable as of December 31, 2019 and 2018 are $1,560,000 and $0, respectively. The full grants receivable balance was collected during 2020. No allowance for doubtful accounts is recorded related to this receivable.

2. Summary of Significant Accounting Policies (continued)

Property and equipment

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

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. There were no impairments recognized during 2019 or 2018.

Contributions

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

In-kind contributions

In-kind contributions are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no in-kind contributions made during the year ended December 31, 2019 and 2018.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend on are substantially met and the promises become unconditional. The pledges receivable were recorded at $52,930 without an allowance for uncollectible pledges and without a discount on pledges receivable, resulting in a net pledges receivable of $52,930. The pledges receivable are expected to be collected as follows at December 31:

	2019	2018
In one year or less	$ 52,930	$ 128,237
Between one year and three years	-	-
Less:		
Present value discount	-	-
Allowance for uncollectible pledges	-	-
Total Pledges Receivable	$ 52,930	$ 128,237

The Organization recorded direct write-offs of outstanding pledges receivable totaling $35,028 and $30,697 during the years ended December 31, 2019 and 2018, respectively. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. At December 31, 2019, the Organization did not have any promises to give over a year old. Therefore, a discount on pledges receivable was not recorded.

Advertising

Advertising costs are expensed in the period in which the advertising occurs. During 2019 and 2018, advertising costs totaled $3,339 and $6,020, respectively.

Functional expenses

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

Note 3: Liquidity and Availability of Financial Assets

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

Cash and Cash Equivalents	$	3,028,673
Other Receivables		7,451
Grants Receivable		1,560,000
Pledges Receivable		52,930
	$	4,649,054

Note 4: Property and Equipment

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

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

Property and equipment consisted of the following at December 31, 2019 and 2018:

Asset Category	2019	2018
Furniture & Fixtures	$ 130,642	$ 130,642
Office Equipment	237,717	153,569
Leasehold Improvements	31,307	31,307
Subtotal	399,666	315,518
Accumulated Depreciation	(212,746)	(171,025)
Net Property and Equipment	$ 186,920	$ 144,493

Depreciation expense for fiscal year ended December 31, 2019 and 2018 was $43,857 and $24,861, respectively.

Note 5: Commitments and Contingencies

Lease Commitments

The Organization leases office space and made a security deposit payment in the amount of $26,819, which is recorded in the Deposits account in the Statement of Financial Position as of December 31, 2019 and 2018. The office space lease is for 132 months (11 years). The base rent increases after 12 months, 18 months, 30 months, and 66 months. Future obligations under the operating lease agreement is as follows at December 31, 2019:

2020	$	247,178
2021		253,950
2022		253,950
2023		253,950
2024		260,722
Thereafter		1,173,249
Total	$	2,442,999

Rent expense for the year ended December 31, 2019 and 2018 was $110,292 and $80,178, respectively.

Note 6: Financial Instruments and Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at each institution. Cash balances exceeding the FDIC limit are substantially collateralized by the financial institution's pledged securities. The Organization's cash balances were not in excess of FDIC insurance and pledged collateral at December 31, 2019 and 2018.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

Note 7: Cooperative Endeavor Agreements

The Organization and the City of New Orleans have entered into several cooperative endeavor agreements (CEA) during recent years in which they received payments during the year ended December 31, 2019. The details of the three agreements are as follows:

- In 2017, the Organization and the City of New Orleans – Workforce Development Board entered into a cooperative endeavor agreement. The CEA provides for the City to fund $2,500,000 per year for a term of three years to the Organization in return for a multitude of Business/Industry Growth services and Workforce Development services. The Organization agrees to raise a minimum of $1,000,000 annually through fundraising activities. During the year ended December 31, 2018, the Company recognized $2,500,000 in revenue from this agreement. However, the Organization did not meet the required threshold and reported fundraising totals of $628,950.

- In 2019, the Organization and the City of New Orleans entered into a cooperative endeavor agreement. The CEA provides for the City to fund $500,000 to the Organization in return for Business Attraction and Expansion services set forth in the agreement. The CEA has a term of one year from the effective date and funds will be disbursed in one payment. During the year ended December 31, 2019, the Organization recognized $500,000 in revenue from this agreement.

- In 2019, the Organization, the City of New Orleans, and the National Parent Leadership Institute, Inc. (NPLI) entered into a cooperative endeavor agreement. The CEA provides for the City to fund $60,000 to the Organization to be the fiscal agent for the City to disburse funds to NPLI for services set forth in the agreement. The CEA has a term of one year from the effective date and funds will be disbursed in one payment. During the year ended December 31, 2019, the Organization recognized $60,000 in revenue from this agreement.

Note 8: Grants

During 2018, the Organization was awarded new grants from various sources. Grant revenue at December 31, 2019 and 2018 is as follows:

Grantor Name	2019	2018
City of New Orleans	$ 3,070,000	$ 3,948,047
The Ford Foundation	1,000,000	1,000,000
State of Louisiana	550,361	380,308
Conrad N. Hilton Foundation	500,000	705,000
JP Morgan Chase Foundation	250,000	550,200
The Kresge Foundation	200,000	200,000
Living Cities, Inc.	50,000	-
ACEF	40,000	45,000
Other Foundations	1,000	-
W. K. Kellogg Foundation	1,000,000	1,250,000
Surdna Foundation	-	156,250
Total	$ 6,661,361	$ 8,234,805

Note 9: Line of Credit

During the 2012 fiscal year, the Organization entered into a line of credit with a financial institution. The maximum amount available on the line was $250,000 at December 31, 2019. The line of credit has no expiration date. The interest rate was 5% with a zero balance on the line of credit at December 31, 2019 and 2018.

Note 10: Fringe Benefit Liabilities

Management recorded fringe benefit liabilities totaling $181,280 at December 31, 2019 and $147,677 at December 31, 2018. These balances include a liability for compensated absences.

Note 11: Qualified Retirement Plan (401k)

The Organization has an Internal Revenue Service qualified employee retirement plan (401k). During 2019 and 2018, the Organization recorded matching contributions totaling $47,868 and $29,575, respectively.

Note 12: Related Party Transactions

The Organization had pledge receivable balances from related parties in the amount of $18,987 as of December 31, 2018. These related parties included a Board of Directors member and a member of management. In addition, the Organization owed certain employees expense reimbursements in the amount of $5,089 as of December 31, 2018. There were no related party transactions noted for the year ended December 31, 2019.

Note 13: New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. This ASU is effective for years beginning after December 15, 2018, but early adoption was permitted. The Organization adopted this accounting standard during the year ended December 31, 2018.

Note 13: New Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. Under the new guidance, lessees should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. In transition, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2020. Management is currently evaluating the impact of adopting the new accounting standard on its financial statements.

Note 14: Net Asset Adjustments

Management identified certain prior year audit entries that had not been recorded. As a result, management made several adjustments totaling $156,962 to correct net assets.

Note 15: Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions to the Organization's operations and the ability for the Organization's employees to perform their tasks.

Management evaluated subsequent events as of October 7, 2020, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

Luther Speight & Company
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses costs as Finding #2019-01, that we consider to be a significant deficiency.

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Compliance and Other Matters

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

NOLA Business Alliance, Inc.'s Response to Findings

NOLA Business Alliance, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. NOLA Business Alliance, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
October 7, 2020

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2019
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

Material weakness(es) identified?	____ YES	_X_ NO
Significant deficiency(s) identified not considered to be material weaknesses?	_X_ YES	____ NO
Noncompliance material to financial statements noted?	____ YES	_X_ NO

Federal Awards

NOLA Business Alliance, Inc. (the Company) received federal awards during the year ended December 31, 2019. However, the amount of federal awards expended during the year was less than the Single Audit threshold of $750,000. Therefore, the Company did not require a Single Audit for the year ended December 31, 2019.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019

FINDING NO. 2019-01: GENERAL ACCOUNTING AND MONTH-END CLOSE PROCEDURES NOT ADEQUATE

CRITERIA:
Generally accepted accounting principles and nonprofit accounting best practices require that reconciliations be performed monthly for all general ledger accounts as part of an organization's month-end close process.

CONDITION:
The accounting and month-end closing procedures did not include proper account analysis and complete reconciliation of subsidiary ledgers to the general ledger accounts. As a result, our examination identified adjusting audit entries that were material in number and amount for certain general ledger accounts.

CAUSE:
We were advised that Organization accounting personnel availability was adversely impacted by the global pandemic and other human resource factors.

EFFECT:
Although, each of the audit adjustments were ultimately recorded, the accuracy of the Organization's interim financial reporting may have been impaired.

RECOMMENDATION:
We recommend that the Organization update their accounting and month-end close process to ensure that all general ledger accounts are fully reconciled. Any resulting adjustments should be researched and properly recorded on an interim basis. Alternative staffing approaches should be considered if future disruptions to human resources occur.

MANAGEMENT RESPONSE:
Management acknowledges timeliness of month-end closing process and bank reconciliations were not strictly adhered to. In response to this deficiency, the accounting department was restructured, eliminating the Finance Manager position and elevating it to Controller. New hire with significant non-profit experience has executed timely month end closing process coordinating with CFO daily. New procedures incorporating virtual office protocol for wire transfers, payroll processing and credit card purchases have also been established to expedite month-end closing and bank reconciliation process.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
STATUS OF PRIOR FINDINGS AND RESPONSES
DECEMBER 31, 2019

Finding #	Description	Resolved/Unresolved
2018-01	Improper Bank Reconciliation Procedures	Resolved

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2019

Agency Head Name: Quentin L. Messer, Jr., served January 1 – December 31, 2019

Purpose	**Amount**
Salary	220,000
Benefits-insurance	25,000
Benefits-retirement	-
Benefits-executive parking	2,301
Car allowance	8,250
Vehicle provided by government	-
Per diem	-
Reimbursements	278
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Note: This schedule includes compensation and fringe benefits paid from public funds.

Luther Speight & Company
Certified Public Accountants and Consultants

NOLA BUSINESS ALLIANCE, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by New Orleans Business Alliance, Inc. (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board or Finance Committee

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

Bank Reconciliations

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

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

***Results**: Per review of the 5 bank reconciliations and bank statements, we noted that only 2 of them had evidence (date and time) as being reconciled. In addition, those 2 accounts were not reconciled within 2 months of year-end.*

***Management's Response:** Management acknowledges timeliness of month- end closing process and bank reconciliations were not strictly adhered to. In response to this deficiency accounting department was restructured eliminating Finance Manager position and elevating it to Controller. New hire with significant non- profit experience has executed timely month end closing process coordinating with CFO daily. New procedures incorporating virtual office protocol for wire transfers, payroll processing and credit card purchases have also been established to expedite month-end closing and bank reconciliation process*

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

***Results:** As noted in 3a above, only 2 of the 5 bank accounts we reviewed showed evidence they were reconciled. There were no initials nor was there any evidence they were being reviewed by management.*

***Management's Response:** See management response at 3a) above.*

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

***Results:** We noted no reconciling items that have been outstanding for more than 12 months from year-end.*

Collections

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

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

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

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

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

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

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

Contracts

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

Payroll and Personnel

Results: We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

Ethics

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

Debt Service

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

Other

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

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

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

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

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

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

Luther Speight & Company CPAs
New Orleans, Louisiana
October 7, 2020