NEW ORLEANS & COMPANY

Audits of Consolidated Financial Statements

December 31, 2018 and 2017

LAPORTE
CPAs & BUSINESS ADVISORS

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Independent Auditor's Report

To the Board of Directors
New Orleans & Company

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of the New Orleans & Company and its subsidiary (the Company) which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by 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.

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 the Company, as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As discussed in Note 2 to the financial statements, in 2018, the Company adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters
Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 20, 2019

NEW ORLEANS & COMPANY
Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 17,725,718**	$ 18,634,248
Accounts Receivable	**2,648,355**	2,500,899
Other Receivable, State of Louisiana	**2,953,052**	1,897,195
Other Receivable, Tourism Support Assessment	**1,583,051**	1,610,162
Due from Investment Fund	**-**	20,225
Inventory	**18,192**	24,867
Prepaid Expenses	**1,635,180**	541,121
Total Current Assets	**26,563,548**	25,228,717
Investments		
Marketable Securities at Fair Value	**15,207,810**	16,889,325
Property, Equipment, and Leasehold Improvements		
Land	**3,373,130**	3,373,130
Building and Improvements	**13,342,669**	10,221,396
Furniture and Fixtures	**761,412**	761,412
Equipment	**869,784**	834,928
Leasehold Improvements	**459,042**	459,042
Software	**179,480**	179,480
Total Property, Equipment, and Leasehold Improvements	**18,985,517**	15,829,388
Less: Accumulated Depreciation	**(6,153,327)**	(5,830,573)
Property, Equipment, and Leasehold Improvements, Net	**12,832,190**	9,998,815
Other Assets		
Intangible Asset - Internet Domain	**1,200,000**	1,200,000
Total Assets	**$ 55,803,548**	$ 53,316,857

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

NEW ORLEANS & COMPANY
Consolidated Statements of Financial Position (Continued)
December 31, 2018 and 2017

	2018	2017
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 2,737,925	$ 1,550,706
Deferred Revenue	15,600	51,811
Promise to Give	315,000	312,000
Other Accrued Liabilities	5,522,653	3,470,139
Total Current Liabilities	8,591,178	5,384,656
Long-Term Liabilities		
Promise to Give	-	315,000
Long-Term Debt, Net of Debt Issuance Cost of $19,710 at 2018 and $22,190 at 2017	5,086	2,606
Total Long-Term Liabilities	5,086	317,606
Total Liabilities	8,596,264	5,702,262
Net Assets		
Without Donor Restrictions		
Designated by the Board	12,176,365	13,573,968
Undesignated	35,030,919	33,890,627
With Donor Restrictions		
Purpose Restrictions	-	150,000
Total Net Assets	47,207,284	47,614,595
Total Liabilities and Net Assets	$ 55,803,548	$ 53,316,857

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

NEW ORLEANS & COMPANY
Consolidated Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2018	2017
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Appropriations from Government Agencies	$ 11,737,575	$ 11,185,817
Tourism Support Assessment Revenue	20,304,465	18,971,976
Membership Dues	1,695,308	1,704,394
Hotel Occupancy Privilege Tax and Downtime Funding	1,302,080	1,217,435
Staffing Services Reimbursement	552,630	499,199
Louisiana Office of Tourism Support	520,530	545,838
Investment Return, Net	(1,560,070)	1,847,175
Disaster Relief Funding	4,863	100,000
Other Revenue	793,536	463,436
Industry Show Cost-Share Reimbursement	152,545	256,699
Net Assets Released from Restrictions	150,000	-
Total Revenue and Support Without Donor Restrictions	35,653,462	36,791,969
Expenses		
Program Services Expense	31,775,430	30,749,972
Supporting Services Expense	4,135,343	4,067,360
Total Expenses	35,910,773	34,817,332
Change in Net Assets Without Donor Restrictions	(257,311)	1,974,637
Changes in Net Assets With Donor Restrictions		
Promotional Fund Grant	-	150,000
Net Assets Released from Restrictions	(150,000)	-
Change Net Assets With Donor Restrictions	(150,000)	150,000
Change in Net Assets	(407,311)	2,124,637
Net Assets, Beginning of Year	47,614,595	45,489,958
Net Assets, End of Year	$ 47,207,284	$ 47,614,595

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

NEW ORLEANS & COMPANY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
External Commitments	$ 15,159,428	$ -	$ 15,159,428	$ -	$ 15,159,428
Salaries	-	6,029,130	6,029,130	1,670,463	7,699,593
International Representation	-	2,650,204	2,650,204	-	2,650,204
Sales, Travel, and Promotion	-	2,213,449	2,213,449	-	2,213,449
Operational	-	-	-	1,485,347	1,485,347
Employee Benefits	-	752,821	752,821	231,457	984,278
Advertising	-	917,607	917,607	-	917,607
Public Relations and Local Advocacy	-	876,283	876,283	-	876,283
Convention and Meeting Commitments	-	868,256	868,256	-	868,256
Client Service Initiatives	-	545,320	545,320	-	545,320
Payroll Taxes	-	407,465	407,465	113,582	521,047
Rebranding	-	476,538	476,538	-	476,538
Product Development and Sponsorships	346,732	-	346,732	-	346,732
Depreciation and Amortization	-	-	-	341,552	341,552
Photos and Videos	-	217,580	217,580	-	217,580
Research	-	210,339	210,339	-	210,339
Governmental Relations	-	-	-	157,000	157,000
Insurance	-	-	-	135,942	135,942
Postage	-	104,278	104,278	-	104,278
Total	$ 15,506,160	$ 16,269,270	$ 31,775,430	$ 4,135,343	$ 35,910,773

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

NEW ORLEANS & COMPANY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
External Commitments	$ 12,645,966	$ -	$ 12,645,966	$ -	$ 12,645,966
Salaries	-	5,972,213	5,972,213	1,605,664	7,577,877
International Representation	-	2,654,818	2,654,818	-	2,654,818
Sales, Travel, and Promotion	-	2,226,958	2,226,958	-	2,226,958
Convention and Meeting Commitments	-	1,923,703	1,923,703	-	1,923,703
Public Relations and Local Advocacy	-	1,299,983	1,299,983	-	1,299,983
Advertising	-	1,259,179	1,259,179	-	1,259,179
Operational	-	-	-	1,211,725	1,211,725
Employee Benefits	-	727,604	727,604	202,058	929,662
Depreciation and Amortization	-	-	-	631,607	631,607
Payroll Taxes	-	400,569	400,569	108,794	509,363
Client Service Initiatives	-	479,780	479,780	-	479,780
Product Development and Sponsorships	416,654	-	416,654	-	416,654
Research	-	327,931	327,931	-	327,931
Photos and Videos	-	177,468	177,468	-	177,468
Rebranding	-	158,599	158,599	-	158,599
Governmental Relations	-	-	-	157,000	157,000
Insurance	-	-	-	150,512	150,512
Postage	-	78,547	78,547	-	78,547
Total	$ 13,062,620	$ 17,687,352	$ 30,749,972	$ 4,067,360	$ 34,817,332

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

NEW ORLEANS & COMPANY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	**$ (407,311)**	$ 2,124,637
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided by Operating Activities		
Depreciation	**339,072**	629,001
Amortization of Debt Issuance Cost	**2,480**	2,606
Unrealized Loss (Gain) on Investment Securities	**2,050,996**	(1,374,997)
Decrease (Increase) in Assets		
Accounts and Other Receivable	**(1,176,202)**	(1,637,970)
Due from Investment Fund	**20,225**	(20,225)
Inventory	**6,675**	9,437
Prepaid Expenses	**(1,094,059)**	76,666
Increase (Decrease)in Liabilities		
Accounts Payable	**1,187,219**	(451,729)
Deferred Revenue	**(36,211)**	2,876
Promise to Give	**(312,000)**	(304,000)
Other Accrued Liabilities	**2,052,514**	1,858,351
Net Cash Provided by Operating Activities	**2,633,398**	914,653
Cash Flows from Investing Activities		
Proceeds from Sales of Investment Securities	**4,434,453**	2,784,644
Purchases of Investment Securities	**(4,803,933)**	(3,064,622)
Capitalization and Acquisition of Property	**(3,172,448)**	(602,700)
Net Cash Used in Investing Activities	**(3,541,928)**	(882,678)
Cash Flows from Financing Activities		
Proceeds from Long-Term Debt	**-**	24,796
Debt Issuance Cost	**-**	(24,796)
Net Cash Provided by Financing Activities	**-**	-
Net (Decrease) Increase in Cash and Cash Equivalents	**(908,530)**	31,975
Cash and Cash Equivalents, Beginning of Year	**18,634,248**	18,602,273
Cash and Cash Equivalents, End of Year	**$ 17,725,718**	$ 18,634,248

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

Note 1. Nature of Activities

History and Organization

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

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

On June 19, 2018 pursuant to Louisiana Nonprofit Corporation Law the name of the New Orleans Convention & Visitors Bureau was changed to New Orleans & Company.

Support initiative programs consist primarily of external commitment payments to New Orleans Tourism Marketing Corporation, City of New Orleans, Risk Mitigation for British Airways, French Quarter Management District, Riverfront Development, Dick Clark Productions, Louisiana State Police, and Bayou Country. See footnote 10 for further details.

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

Note 2. Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of New Orleans & Company and its wholly-owned subsidiary, the Welcome Center Building, LLC (the Company). In consolidation, significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

Accounts Receivable
Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. As of December 31, 2018 and 2017, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

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

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

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Depreciation expense is $339,072 and $629,001 for the years ended December 31, 2018 and 2017, respectively. The estimated useful lives used in computing depreciation are as follows:

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

Valuation of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The Company recognized no impairment during the years ended December 31, 2018 or 2017.

Deferred Revenue

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

Net Assets

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Company pursuant to those stipulations. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As restrictions are met or until released in accordance with the Company's spending policy, assets are reclassified to net assets without donor restrictions.

Revenue

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

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

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

Functional Allocation of Expenses

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

Vacation and Sick Pay

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

Non-Direct Response Advertising

The Company expenses advertising costs as incurred. Advertising expenses charged to operations totaled $2,436,982 and $2,443,739 in 2018 and 2017, respectively.

Uncertain Tax Positions

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Recent Accounting Pronouncements - Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in the year ended December 31, 2019, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In January 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 financing or operating leases. A lessee 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. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are 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, 2019. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

Recent Accounting Pronouncements - Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Company implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. Implementation did not result in a change in net assets.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform with the current presentation. The reclassifications have no effect on the classes of net assets or the change in net assets for the prior year.

Note 3. Concentration of Credit Risk

The Company maintains cash in four commercial banks. The total amount by which cash on deposit in those banks exceeds the federally insured limits is $19,578,797 and $18,830,042 as of December 31, 2018 and 2017 respectively. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 4. Due from Investment Fund

As of December 31, 2017, the Company had an amount due from investment fund in the amount of $20,225. This represented funds that were received after December 31, 2017, for an investment account that was closed prior to December 31, 2017. There were no amounts due from investment funds at December 31, 2018.

Note 5. Investments

The fair market value of investments is as follows at December 31st:

	2018	2017
Common Stocks	**$ 4,478,502**	$ 5,713,669
Real Estate Investment Trusts	**1,307,010**	1,550,485
Private Equity/Hedge Funds	**1,196,151**	1,407,218
Mutual Funds	**6,241,551**	6,176,204
Exchange Traded Funds	**1,984,596**	2,041,749
Total Investments	**$ 15,207,810**	$ 16,889,325

Note 6. Intangible Asset - Internet Domain

On May 2, 2014, the Company purchased ownership of, and all rights related to, the domain names, the websites and related rights of NewOrleans.com for a purchase price of $1,200,000. This purchase was capitalized as an intangible asset not subject to amortization due to the indefinite life of the asset. On an annual basis, the Company will test the asset for impairment. There has been no impairment loss recorded as of December 31, 2018 and 2017.

Note 7. Debt

On March 16, 2017, the Company signed a non-revolving line of credit with a bank for $7,000,000 with an interest rate of 3.75%. The note has an initial draw down period requiring interest only payments.

Note 7. Debt (Continued)

Commencing September 16, 2018, the note converts to an amortizing loan based on a 25 year period with principal and interest payments due monthly until March 16, 2027 at that time all unpaid principal and interest is due. The note is secured by the Welcome Center Building. As of December 31, 2018 and 2017, there was $5,086 and $2,606 outstanding balance under this note payable, respectively.

In 2017, the Company adopted FASB ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires debt issuance costs to be presented as a direct deduction from the carrying amount of the debt liability, rather than an asset. For the year ended December 31, 2018 and 2017 $2,480 and $2,606 of amortization of the financing costs are reported as amortization expense in the accompanying consolidated statement of operations.

Note 8. Fair Value Measurements

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

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

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

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

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

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

Note 8. Fair Value Measurements (Continued)

Recurring Fair Value Measurements

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

These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Common Stocks				
Basic Materials	$ 594,825	$ -	$ -	$ 594,825
Consumer Goods	1,015,997	-	-	1,015,997
Financial	421,171	-	-	421,171
Healthcare	499,705	-	-	499,705
Industrial Goods	280,265	-	-	280,265
Information Technology	1,014,525	-	-	1,014,525
Business Services	286,751	-	-	286,751
Utilities	365,266	-	-	365,266
Total Common Stocks	4,478,502	-	-	4,478,502
Real Estate Investment Trusts	1,307,010	-	-	1,307,010
Private Equity/Hedge Funds				
Measured at Net Asset Value (a)	-	-	-	1,196,151
Exchange Traded Fund	1,984,596	-	-	1,984,596
Mutual Funds				
Natural Resources	284,415	-	-	284,415
Emerging Markets Bond	420,904	-	-	420,904
Multialternative	1,010,595	-	-	1,010,595
Multi Strategy	1,050,929	-	-	1,050,929
Intermediate Term Bond	3,474,708	-	-	3,474,708
Total Mutual Funds	6,241,551	-	-	6,241,551
Total Investments at Fair Value	$ 14,011,659	$ -	$ -	$ 15,207,810

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

Note 8. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Common Stocks				
Basic Materials	$ 863,348	$ -	$ -	$ 863,348
Consumer Goods	1,206,602	-	-	1,206,602
Financial	334,180	-	-	334,180
Healthcare	856,557	-	-	856,557
Industrial Goods	212,765	-	-	212,765
Information Technology	1,324,562	-	-	1,324,562
Business Services	253,482	-	-	253,482
Utilities	662,172	-	-	662,172
Total Common Stocks	5,713,669	-	-	5,713,669
Real Estate Investment Trusts	1,550,485	-	-	1,550,485
Private Equity/Hedge Funds				
Measured at Net Asset Value (a)	-	-	-	1,407,218
Exchange Traded Fund	2,041,749	-	-	2,041,749
Mutual Funds				
Natural Resources	345,058	-	-	345,058
Emerging Markets Bond	436,055	-	-	436,055
Multialternative	1,164,088	-	-	1,164,088
Multi Strategy	1,134,206	-	-	1,134,206
Intermediate Term Bond	3,096,797	-	-	3,096,797
Total Mutual Funds	6,176,204	-	-	6,176,204
Total Investments at Fair Value	$ 15,482,107	$ -	$ -	$ 16,889,325

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

Note 8. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The Company's investments at December 31, 2018, that feature net asset value per share are as follows:

	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity (Limited Partnership) (a)	$ 1,196,151	1	N/A	$ -	Monthly	May request redemption at a minimum of five business days prior to the end of the month.	N/A
Total	$ 1,196,151			$ -			

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

The Company's investments at December 31, 2017, that feature net asset value per share are as follows:

	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity (Limited Partnership) (a)	$ 1,407,218	1	N/A	$ -	Monthly	May request redemption at a minimum of five business days prior to the end of the month.	N/A
Total	$ 1,407,218			$ -			

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

Note 9. Tourism Support Assessment Revenue

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

Note 9. Tourism Support Assessment Revenue (Continued)

Net proceeds of the assessment (after payment or provision for payment of program expenses) are disbursed to the Company, New Orleans Tourism and Marketing Corporation (NOTMC) and the City of New Orleans monthly as follows: (i) .75% of the 1.75% assessment to the Company for leisure tourism and convention sales marketing and communications and public relations, (ii) .75% of the 1.75% assessment to the NOTMC for leisure tourism marketing and (iii) .25% of the 1.75% assessment to the City of New Orleans for enhancement of the French Quarter and its immediately surrounding area.

On March 9, 2015, the Company entered into a cooperative endeavor agreement with the City of New Orleans and the French Quarter Management District (FQMD). In this agreement it was noted that the Company would reduce the disbursements to the City of New Orleans and remit to the FQMD an amount not to exceed $50,000 per month until May 31, 2015 and not to exceed $75,000 per month thereafter. Beginning from June 2017, the Company remits to the FQMD amount not to exceed $100,000.

Tourism support assessment revenue totaled $20,304,465 and $18,971,976 for the years ended December 31, 2018 and 2017, respectively.

Note 10. External Commitments

External commitments in the statement of functional expenses consist of the following for the years ending December 31, 2018 and 2017:

	2018	2017
New Orleans Tourism Marketing Corporation Disbursements	**$ 8,626,841**	$ 8,107,920
City of New Orleans Disbursements	**1,674,254**	1,626,379
Risk Mitigation - British Airways	**1,208,333**	750,000
French Quarter Management District Disbursements	**1,200,000**	1,075,000
Riverfront Development	**1,000,000**	-
Dick Clark Productions	**550,000**	250,000
Louisiana State Police Funding	**500,000**	500,000
Bayou Country	**275,000**	200,000
Other	**125,000**	136,667
	$ 15,159,428	$ 12,645,966

Note 11. Net Assets

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

	2018	2017
Hotel Occupancy Privilege Tax	**$ 1,616,509**	$ 1,830,250
Future Commitments	**10,559,856**	11,743,718
Total	**$ 12,176,365**	$ 13,573,968

The following is the future commitments of net assets by year as of December 31, 2018

2019	$ 3,261,125
2020	1,014,216
2021	348,540
2022	2,072,915
2023	683,000
Thereafter	3,180,060
Total	$ 10,559,856

Net assets with donor restrictions consisted of Promotional Fund Grant of $150,000 awarded by the BP Settlement Trust for print and digital media campaign to promote tourism to New Orleans during the period of November 1, 2017 to July 31, 2018. The stipulated purpose for which the resource was restricted has been fulfilled and funds were released from restrictions in 2018.

Note 12. Liquidity and Availability

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

Financial Assets Available, at December 31, 2018	
Cash and Cash Equivalents	$ 17,725,718
Accounts Receivable	2,648,355
Other Receivable, State of Louisiana	2,953,052
Other Receivable, Tourism Support Assessment	1,583,051
Investments in Marketable Securities	15,207,810
Total Available Financial Assets	40,117,986
Less: Those Unavailable for General Expenditures Within One Year	
Board Designated Assets as Disclosed in Note 10	(12,176,365)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 27,941,621

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

Note 13. Hotel Tax Statutory Dedication

The Company has arrangements with the State of Louisiana (the State) to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 3 of the 2017 Second Extraordinary Legislative Session provides for an annual appropriation of up to $10,900,000 based on the State's fiscal year end June 30, 2018. Act 3 of the 2017 Regular Session was amended to provide an additional $300,000, increasing the total annual appropriation of up to $11,200,000 based on the State's fiscal year end June 30, 2018. Act 2 of the 2018 Second Extraordinary Legislative Session provides for an annual appropriation of up to $11,200,000 based on the State's fiscal year end June 30, 2019. The actual appropriation recorded for the calendar years ended December 31, 2018 and 2017, by the Company, was $11,737,575 and $11,185,817, respectively.

Note 14. Defined Contribution Plan

The Company offers full-time employees who have completed sixty days of continuous service participation in its 401k plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions up to 100% on the first 5% of employee contributions. The employees are 100% vested after completion of two years of service. Matching contributions for the years ended December 31, 2018 and 2017 were $256,785 and $249,985, respectively.

During the year ended December 31, 2018 the Company offered the president and CEO a participation in Executive 457(f) plan. The plan provides for employer contributions equal to participant's gross annual bonus received. Contribution for the years ended December 31, 2018 and 2017 were $114,390 and 111,400, respectively.

Note 15. Donated Services (Unaudited)

The Company has received a significant amount of non-professional donated services from various businesses in and around Greater New Orleans. These services were used in programs designed to promote the local tourism market. Management estimates that approximately $537,207 and $580,613 of donated services were received in 2018 and 2017, respectively. However, these services do not meet all of the applicable requirements of ASC 958, *Not-for-Profit Entities*; therefore, no amounts have been reflected in the consolidated financial statements for these donated services.

Note 16. Commitments and Contingencies

Operating Leases

The Company leases office equipment and vehicles under various leases with expiration dates. Minimum future rentals are as follows:

2019	$	44,767
2020		39,635
2021		28,846
2022		10,750
2023		7,317
Total	$	131,315

Rent expense in 2018 and 2017, totaled $54,914 and $62,433 respectively.

Note 16. Commitments and Contingencies (Continued)

Other Commitments and Contingencies

On September 27, 2016 the Company entered into an agreement with Dick Clark Productions, Inc. in order to participate in Dick Clark's New Year's Rockin' Eve for New Year's Eve 2016/17, 2017/18, and 2018/19 programming. The Company agreed to provide the producer $950,000 for the 2016/17 program and $400,000 for both the 2017/18 and 2018/19 programs. The Company also entered into an agreement with the Louisiana Department of Culture, Recreation and Tourism, Office of Tourism to receive reimbursement totaling $700,000 for the 2016/17 program, and $150,000 for both the 2017/18 and 2018/19 programs. The Company recorded a net expense of $550,000 and $250,000 after reimbursements in the consolidated statement of activities for the years ended December 31, 2018 and 2017, respectively.

On February 14, 2017 the Company entered into an agreement with Festival Productions BCM, LLC in order to participate in Bayou Country Superfest in New Orleans during the Memorial Day weekend in each of 2018 and 2017 years. The Company agreed to pay rights fees in the amount of $200,000 in 2017 and $275,000 in 2018. The Company recorded an expense of $275,000 and $200,000 in the consolidated statement of activities for the year ended December 31, 2018 and 2017, respectively.

Note 17. Promise to Give

During the year ended December 31, 2011, the Company entered into an event support agreement with the Essence Festival, and renewed the agreement for the July 2011, 2012, 2013 and 2014 events. During the year ended December 31, 2014, the Company extended the contract for the period of five years. At December 31, 2018 and 2017, included in current liabilities is $315,000 and $312,000, respectively, and in long-term liabilities is $-0- and $315,000, respectively, due for this event within five years.

Note 18. Cooperative Endeavor Agreements

During 2018, the Company operated 4 international offices in the UK, Germany, France, and China, as well as in "targeted international markets" also referred as "emerging markets" on behalf of the State of Louisiana to promote tourism. The "emerging markets" funding supports tourism promotions in Mexico, Brazil, the Netherlands, Scandinavia, Australia, and Japan. The Louisiana Office of Tourism reimburses the Company for 60-65% of the cost of marketing and operations at these foreign offices with a maximum reimbursement of $525,000, which increased to $566,676 annually beginning July 1, 2017, and decreased to $524,384 annually beginning July 1, 2018. Included in Louisiana Office of Tourism support on the consolidated statements of activities is $520,530 and $545,838 for the years ended December 31, 2018 and 2017, respectively, related to this funding.

Note 18. Cooperative Endeavor Agreements (Continued)

On September 4, 2015, there was a cooperative endeavor agreement entered into by the City of New Orleans, the Company and the New Orleans Ernest N. Morial Convention Center. The Company in conjunction with other tourism partners at the New Orleans Tourism and Marketing Corporation and New Orleans Ernest N. Morial Convention Center will provide funds that will assist in the ongoing placement of a full-time State Police presence in and around the French Quarter. During the years ended December 31, 2018 and 2017 the Company incurred expenses of $500,000 under this agreement. This is a five-year commitment and the same funding will occur each year until 2020.

On March 27, 2017, the Company entered into a commercial agreement with an international airline in order to launch and develop a new flight route. In order to mitigate the financial risks inherent in starting new routes and specifically to support the route's revenue performance, the Company agreed to provide a risk mitigation guarantee should the route not achieve its targets. The agreement is in effect until 2019. The Company signed cooperative endeavor agreements with Louisiana Department of Economic Development, City of New Orleans, Jefferson Parish, E. N. Morial Convention Center, and Louisiana Office of Tourism to mitigate the risk associated with the guarantee. The Company recorded a net expense of $750,000 after reimbursements in the consolidated statement of activities under this agreement for the year ended December 31, 2018 and 2017. Under this agreement, the Company also provides marketing funds of $1,000,000 per year, over the three-year agreement. During the years ended December 31, 2018 and 2017 the Company incurred promotion expenses of $1,000,000 under this agreement. As of December 31, 2018 and 2017 there was $3,000,000 and $1,500,000, respectively included in other payables for this agreement.

On November 22, 2017, the Company entered into a cooperative endeavor agreement with the Ernest M. Morial New Orleans Exhibition Hall Authority, the Board of Commissioners for the Port of New Orleans, and the Audubon Commission for cooperative funding for development of the Governor Nicholls and Esplanade Wharves and Riperian Land (the Wharves). Under this agreement, the Company will provide $2 million during the years of 2018 and 2019 to support Audubon Commission's efforts to plan, build, and operate the Wharves for the use and benefit of both residents and tourists as a park and recreation area. During the year ended December 31, 2018 the Company transferred $2,000,000 funds to the designated escrow account, of which $1,000,000 was recognized and recorded as promotion expense included in the consolidated statements of functional expenses, and $1,000,000 was recorded as prepaid expenses in the consolidated statement of net position.

Note 19. Subsequent Events

Management has evaluated subsequent events through, June 20, 2019, the date which the consolidated financial statements were available to be issued and determined no subsequent event occurred that requires disclosure.

SUPPLEMENTARY INFORMATION

NEW ORLEANS & COMPANY
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

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

Agency Head
J. Stephen Perry, President/CEO

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

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

See independent auditor’s report.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
New Orleans & Company

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the New Orleans & Company and its subsidiary (the Company) which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 20, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Company'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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 20, 2019

NEW ORLEANS & COMPANY
Schedule of Findings and Responses

For the Year Ended December 31, 2018

Part I - Summary of Auditor's Results

Financial Statements

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

Federal Awards - Not applicable

Part II - Financial Statement Findings

None noted.

NEW ORLEANS & COMPANY
Schedule of Prior Audit Findings

For the Year Ended December 31, 2018

None noted.

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AGREED-UPON PROCEDURES REPORT
New Orleans & Company

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 - December 31, 2018

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

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

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 results are as follows:

Bank Reconciliations

1. 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 four additional accounts (or all accounts if less than five). 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 two months of the related statement closing date (e.g., initialed and dated, electronically logged);
   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
   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: No exceptions noted as a result of performing these procedures.

Non-Payroll Disbursements - excluding credit card/debit card/fuel card/P-Card purchases or payments)

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

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

3. For each location selected under #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
   b) At least two employees are involved in processing and approving payments to vendors.
   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.
   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

4. For each location selected under #2 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

   b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

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

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

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

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

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

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

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

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

7. Using the monthly statements or combined statements selected under #6 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

Travel and Travel-Related Expense Reimbursement

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

   a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
   b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
   c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
   d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

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.

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

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

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 20, 2019