

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

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and 2017



GREATER NEW ORLEANS

INC
REGIONAL ECONOMIC DEVELOPMENT

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WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation (both nonprofit organizations), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2018 and 2017 consolidating statements of financial position, the consolidating statements of activities and the consolidating statements of functional expenses on pages 15 - 20 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2019 on our consideration of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and compliance.

June 25, 2019

Wegmann Dargatzis & Co

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

December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,413,443	\$ 2,637,435
Accounts receivable	1,467,357	1,100,431
Other current assets	77,630	161,567
Total current assets	<u>3,958,430</u>	<u>3,899,433</u>
Property and equipment, at cost less accumulated depreciation	85,711	123,014
Deposits	11,127	636
Total assets	<u>\$ 4,055,268</u>	<u>\$ 4,023,083</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 26,500	\$ 42,383
Accrued payroll liabilities	390,306	332,604
Other current liabilities	119,126	182,136
Total current liabilities	<u>535,932</u>	<u>557,123</u>
NET ASSETS		
Net assets		
Without donor restrictions	2,936,108	2,789,181
With donor restrictions	583,228	676,779
Total net assets	<u>3,519,336</u>	<u>3,465,960</u>
Total liabilities and net assets	<u>\$ 4,055,268</u>	<u>\$ 4,023,083</u>

See accompanying Notes to Consolidated Financial Statements.

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

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Investor contributions	\$ 2,640,107	\$ 287	\$ 2,640,394
Sponsorship	299,000	-	299,000
NORLI	-	197	197
Grants	558,680	1,042,704	1,601,383
Management fees	3,000	-	3,000
Interest income	14,127	-	14,127
Other income	285,542	-	285,542
Net assets released from restrictions	<u>1,136,739</u>	<u>(1,136,739)</u>	<u>-</u>
Total revenues	<u>4,937,194</u>	<u>(93,551)</u>	<u>4,843,643</u>
Expenses			
Program services			
Grants	935,672	-	935,672
Initiatives	420,787	-	420,787
Public	149,702	-	149,702
Business development	726,796	-	726,796
Communications	199,023	-	199,023
Supporting services			
General and administrative	<u>2,358,287</u>	<u>-</u>	<u>2,358,287</u>
Total expenses	<u>4,790,267</u>	<u>-</u>	<u>4,790,267</u>
Change in net assets	146,927	(93,551)	53,376
Net assets			
Beginning of year	<u>2,789,181</u>	<u>676,779</u>	<u>3,465,960</u>
End of year	<u>\$ 2,936,108</u>	<u>\$ 583,228</u>	<u>\$ 3,519,336</u>

See accompanying Notes to Consolidated Financial Statements.

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

For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Investor contributions	\$ 2,364,935	\$ -	\$ 2,364,935
Sponsorship	560,850	-	560,850
NORLI	-	102,885	102,885
Grants	947,272	946,596	1,893,868
Interest income	9,867	-	9,867
Other income	206,049	-	206,049
Net assets released from restrictions	<u>1,595,170</u>	<u>(1,595,170)</u>	<u>-</u>
Total revenues	<u>5,684,143</u>	<u>(545,689)</u>	<u>5,138,454</u>
Expenses			
Program services			
Grants	1,395,381	-	1,395,381
Initiatives	804,110	-	804,110
Public	72,221	-	72,221
Business development	686,211	-	686,211
Communications	191,717	-	191,717
Supporting services			
General and administrative	<u>2,114,131</u>	<u>-</u>	<u>2,114,131</u>
Total expenses	<u>5,263,771</u>	<u>-</u>	<u>5,263,771</u>
Change in net assets	420,372	(545,689)	(125,317)
Net assets			
Beginning of year	<u>2,368,809</u>	<u>1,222,468</u>	<u>3,591,277</u>
End of year	<u>\$ 2,789,181</u>	<u>\$ 676,779</u>	<u>\$ 3,465,960</u>

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services					General and Administrative	Total Expenses
	Grants	Initiatives	Public	Business Development	Communications		
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000
Bank service charge	-	(75)	-	-	-	1,914	1,839
Consultants	261,290	14,275	81,292	229,000	4,000	83,534	673,391
Development	22,743	6,171	-	10,585	-	14,668	54,167
Depreciation	-	-	-	-	-	48,208	48,208
Dues and subscriptions	40,639	-	1,904	3,849	-	26,236	72,628
Grants	10,875	56,000	-	-	-	22,963	89,838
Grant administration	319,901	-	-	-	-	(207,000)	112,901
Insurance	-	395	(656)	(10,319)	(7,817)	124,395	105,998
Indirect overhead	161,415	-	-	-	-	(161,415)	-
Marketing	32,930	-	-	-	-	73,574	106,504
Meetings and events	22,708	268,597	5,548	24,358	-	39,047	360,258
Merchant credit card fees	-	105	-	-	-	4,642	4,747
Payroll service fees	-	-	-	-	-	24,076	24,076
Payroll taxes	-	-	4,003	29,343	14,379	80,095	127,820
Postage and delivery	77	-	447	57	-	1,425	2,006
Printing and reproduction	1,903	9,358	136	1,010	381	15,418	28,206
Professional services	-	-	-	-	-	31,021	31,021
Public relations	8,500	-	-	-	-	(3,333)	5,167
Rent expense	-	-	-	40,357	-	186,278	226,635
Repairs and maintenance	-	-	-	-	-	5,984	5,984
Salary and wages	-	-	48,125	324,508	188,080	1,638,323	2,199,036
Service awards	-	8,266	-	313	-	1,664	10,243
Storage	-	-	-	-	-	7,031	7,031
Supplies	531	1,446	-	1,930	-	8,019	11,926
Training and development	1,200	-	-	-	-	2,750	3,950
Technology	16	-	-	1,006	-	24,549	25,571
Telephone	-	-	-	5,029	-	34,187	39,216
Travel, meals and entertainment	19,880	56,249	8,903	65,770	-	121,917	272,719
Website development	31,064	-	-	-	-	11,000	42,064
401K contributions	-	-	-	-	-	57,117	57,117
Total expenses	\$ 935,672	\$ 420,787	\$ 149,702	\$ 726,796	\$ 199,023	\$ 2,358,287	\$ 4,790,267

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services					General and Administrative	Total Expenses
	Grants	Initiatives	Public	Business Development	Communications		
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Bank service charge	20	275	-	-	-	509	804
Consultants	545,067	130,021	60,110	110,500	21,000	15,465	882,163
Development	35,464	80,052	(125)	34,598	-	17,819	167,808
Depreciation	-	-	-	-	-	48,657	48,657
Dues and subscriptions	36,909	530	6,289	7,748	-	14,922	66,398
Grants	258,833	312,083	-	-	-	(205,783)	365,133
Grant administration	185,569	1,518	-	-	-	-	187,087
Interest	-	-	-	-	-	411	411
Insurance	210	315	-	(8,057)	(11,493)	122,797	103,772
Indirect overhead	156,922	-	-	-	-	(156,922)	-
Marketing	4,200	352	-	375	-	78,056	82,983
Meetings and events	54,048	204,745	276	45,209	-	38,630	342,908
Merchant credit card fees	-	654	-	75	-	1,292	2,021
Payroll service fees	-	-	-	-	-	18,325	18,325
Payroll taxes	-	-	-	33,254	12,210	84,412	129,876
Postage and delivery	209	-	-	190	-	1,521	1,920
Printing and reproduction	13,366	8,822	-	1,116	-	10,581	33,885
Professional services	-	1,500	-	1,329	-	16,517	19,346
Public relations	53,500	392	-	-	-	-	53,892
Rent expense	-	-	-	11,700	-	175,028	186,728
Repairs and maintenance	-	180	-	23	-	3,171	3,374
Salary and wages	-	-	-	380,420	170,000	1,562,655	2,113,075
Service awards	917	18,793	-	2,052	-	940	22,702
Storage	-	-	-	-	-	7,237	7,237
Supplies	1,217	1,616	-	2,066	-	19,591	24,490
Technology	7,005	132	28	333	-	20,695	28,193
Telephone	1,397	-	-	3,059	-	36,875	41,331
Travel, meals and entertainment	40,348	39,486	5,643	60,221	-	94,880	240,578
Website development	180	2,644	-	-	-	1,000	3,824
401K contributions	-	-	-	-	-	54,850	54,850
Total expenses	\$ 1,395,381	\$ 804,110	\$ 72,221	\$ 686,211	\$ 191,717	\$ 2,114,131	\$ 5,263,771

See accompanying Notes to Consolidated Financial Statements.

GREATER NEW ORLEANS, INC., AND AFFILIATE
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	\$ 53,376	\$ (125,317)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,207	48,658
(Increase) decrease in operating assets:		
Accounts receivables	(366,926)	(63,158)
Other current assets	83,937	(129,882)
Other noncurrent assets	(10,491)	5,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	41,819	(138,425)
Other current liabilities	(63,010)	(191,626)
Net cash used by operating activities	<u>(213,088)</u>	<u>(594,750)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(10,904)	-
Redemptions of certificate of deposit, net	<u>-</u>	<u>16,205</u>
Net cash (used) provided by investing activities	<u>(10,904)</u>	<u>16,205</u>
Net decrease	(223,992)	(578,545)
Cash and cash equivalents at beginning of year	<u>2,637,435</u>	<u>3,215,980</u>
Cash and cash equivalents at end of year	<u>\$ 2,413,443</u>	<u>\$ 2,637,435</u>

See accompanying Notes to Consolidated Financial Statements.

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

For the Years Ended December 31, 2018 and 2017

1) Nature of activities

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

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

2) Summary of significant accounting principles

Significant accounting policies followed by the companies are summarized below.

a) Financial statement presentation

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

b) Basis of consolidation

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

c) Cash and cash equivalents

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

d) Accounts receivable

GNO, Inc. and the Foundation write off uncollectible accounts as they are identified. GNO, Inc.'s estimate for the allowance for doubtful accounts is based on a review of the current status of accounts receivable. Accounts receivable for GNO, Inc. is presented net of an allowance for doubtful accounts of \$239,288 and \$300,663 as of December 31, 2018 and 2017, respectively. No allowance for uncollectible accounts has been provided for the Foundation, as management has evaluated the accounts and believes they are all collectible.

e) Use of estimates

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

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

For the Years Ended December 31, 2018 and 2017

2) Summary of significant accounting principles (continued)

f) Property and equipment

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

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

g) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions based on the existence or absence of donor imposed restrictions.

GNO, Inc. and the Foundation report gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

h) Concentration of credit risk

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

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

i) Donated services

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

j) Advertising

GNO, Inc. and the Foundation expense advertising as incurred. Advertising expense was \$106,504 and \$82,983 for the years ended December 31, 2018 and 2017, respectively.

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

For the Years Ended December 31, 2018 and 2017

2) Summary of significant accounting principles (continued)

k) Income taxes

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

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

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 156,976	\$ 156,976
Equipment	76,220	65,315
Leasehold improvements	<u>35,627</u>	<u>35,627</u>
Total costs	268,823	257,918
Less: accumulated depreciation	<u>183,112</u>	<u>134,904</u>
Property and equipment	<u>\$ 85,711</u>	<u>\$ 123,014</u>

4) Employee benefit plan

GNO, Inc. maintains a 401(k) retirement plan for the benefit of all eligible employees. Employer contributions to the plan are determined annually by the Board of Directors. For the years ended December 31, 2018 and 2017, GNO, Inc. contributed approximately \$57,117 and \$54,850 to the plan, respectively.

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

For the Years Ended December 31, 2018 and 2017

5) Restrictions on net assets

The Foundation received several donor restricted grants to help fund the various projects and programs. Net assets with donor restrictions as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Coastal Vitality Project	\$ 273,474	\$ 224,968
Energy Sector	155,123	202,978
FEMA	15,303	15,303
Resilience Lab	10,119	-
GNOF - La SAFE	6,053	26,857
IT Anywhere	11,738	11,738
Kresge Foundation	5,315	5,315
NORLI	-	30,821
Rockefeller Foundation	-	113
Technology Workforce Access Program	6,403	6,483
Walton - Harvey Relief	8,831	24,722
Walton - NOLA 300	25,000	25,000
Youthforce NOLA	65,869	102,481
Total temporarily restricted assets	<u>\$ 583,228</u>	<u>\$ 676,779</u>

6) Operating lease

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

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

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

For the Years Ended December 31, 2018 and 2017

7) Donated services

The value of donated services included as contributions in the consolidated financial statements and the corresponding program expenses for the year ended December 31, 2018, were travel expense of \$19,394, meetings and events expense of \$48,960, meals and entertainment expense of \$2,066, consulting expense of \$85,000, payroll processing expense of \$11,989, website development of \$2,500, supplies expense of \$2,500, and marketing expense of \$69,310.

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

8) Related party transactions

During 2018, GNO, Inc. contracted with two law firms to provide consulting services on a monthly basis. Two members of the Board of Directors are partners with these firms. The combined fees paid to the law firms for the year ended December 31, 2018 was \$12,081. Other services provided by companies who were associated with GNO, Inc. Board of Directors totaled \$28,916 for the year ended December 31, 2018.

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

9) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019. GNO, Inc. and the Foundation are currently assessing the impact of these pronouncements on its financial statements.

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018. GNO, Inc. and the Foundation are currently assessing the impact of these pronouncements on its financial statements.

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

For the Years Ended December 31, 2018 and 2017

10) 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:

Cash and cash equivalents	\$ 1,830,215
Accounts receivable	<u>1,467,357</u>
	<u>\$ 3,297,572</u>

GNO, Inc. and the Foundation's liquidity management plan allows for investments of cash in excess of daily requirement in a savings account.

11) Subsequent events

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

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

December 31, 2018

	Greater New Orleans, Inc.	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 293,954	\$ 2,119,489	\$ 2,413,443	\$ -	\$ 2,413,443
Accounts receivable	1,652,599	159,791	1,812,390	(345,033)	1,467,357
Other current assets	54,096	23,534	77,630	-	77,630
Total current assets	<u>2,000,649</u>	<u>2,302,814</u>	<u>4,303,463</u>	<u>(345,033)</u>	<u>3,958,430</u>
Property and equipment, at cost less accumulated depreciation	85,711	-	85,711	-	85,711
Deposits	<u>11,127</u>	<u>-</u>	<u>11,127</u>	<u>-</u>	<u>11,127</u>
Total assets	<u>\$ 2,097,487</u>	<u>\$ 2,302,814</u>	<u>\$ 4,400,301</u>	<u>\$ (345,033)</u>	<u>\$ 4,055,268</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 77,723	\$ 293,810	\$ 371,533	\$ (345,033)	\$ 26,500
Accrued payroll liabilities	378,503	11,803	390,306	-	390,306
Other current liabilities	108,376	10,750	119,126	-	119,126
Total current liabilities	<u>564,602</u>	<u>316,363</u>	<u>880,965</u>	<u>(345,033)</u>	<u>535,932</u>
NET ASSETS					
Net assets					
Without donor restrictions	1,532,885	1,403,223	2,936,108	-	2,936,108
With donor restrictions	<u>-</u>	<u>583,228</u>	<u>583,228</u>	<u>-</u>	<u>583,228</u>
Total net assets	<u>1,532,885</u>	<u>1,986,451</u>	<u>3,519,336</u>	<u>-</u>	<u>3,519,336</u>
Total liabilities and net assets	<u>\$ 2,097,487</u>	<u>\$ 2,302,814</u>	<u>\$ 4,400,301</u>	<u>\$ (345,033)</u>	<u>\$ 4,055,268</u>

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

December 31, 2017

	Greater New Orleans, Inc.	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 670,622	\$ 1,966,813	\$ 2,637,435	\$ -	\$ 2,637,435
Accounts receivable	1,371,586	92,967	1,464,553	(364,122)	1,100,431
Other current assets	161,567	-	161,567	-	161,567
Total current assets	<u>2,203,775</u>	<u>2,059,780</u>	<u>4,263,555</u>	<u>(364,122)</u>	<u>3,899,433</u>
Property and equipment, at cost less accumulated depreciation	123,014	-	123,014	-	123,014
Deposits	636	-	636	-	636
Total assets	<u>\$ 2,327,425</u>	<u>\$ 2,059,780</u>	<u>\$ 4,387,205</u>	<u>\$ (364,122)</u>	<u>\$ 4,023,083</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 58,380	\$ 348,125	\$ 406,505	\$ (364,122)	\$ 42,383
Accrued payroll liabilities	321,309	11,295	332,604	-	332,604
Other current liabilities	177,136	5,000	182,136	-	182,136
Total current liabilities	<u>556,825</u>	<u>364,420</u>	<u>921,245</u>	<u>(364,122)</u>	<u>557,123</u>
NET ASSETS					
Net assets					
Without donor restrictions	1,770,600	1,018,581	2,789,181	-	2,789,181
With donor restrictions	-	676,779	676,779	-	676,779
Total net assets	<u>1,770,600</u>	<u>1,695,360</u>	<u>3,465,960</u>	<u>-</u>	<u>3,465,960</u>
Total liabilities and net assets	<u>\$ 2,327,425</u>	<u>\$ 2,059,780</u>	<u>\$ 4,387,205</u>	<u>\$ (364,122)</u>	<u>\$ 4,023,083</u>

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

For the Year Ended December 31, 2018

	GNO, Inc. Without Donor Restrictions	Foundation Without Donor Restrictions	Foundation With Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues						
Investor contributions	\$ 2,208,313	\$ 431,794	\$ 287	\$ 2,640,394	\$ -	\$ 2,640,394
Sponsorship	241,000	58,000	-	299,000	-	299,000
NORLI	-	-	197	197	-	197
Grants	416,630	142,050	1,042,704	1,601,383	-	1,601,383
Management fees	762,478	16,163	-	778,641	(775,641)	3,000
Interest income	-	14,127	-	14,127	-	14,127
Other income	285,542	-	-	285,542	-	285,542
Net assets released from restrictions	-	1,136,739	(1,136,739)	-	-	-
Total revenues	3,913,963	1,798,872	(93,551)	5,619,284	(775,641)	4,843,643
Expenses						
Program services						
Grants	428,981	1,133,180	-	1,562,161	(626,489)	935,672
Initiatives	364,628	56,159	-	420,787	-	420,787
Public	149,702	-	-	149,702	-	149,702
Business development	726,796	-	-	726,796	-	726,796
Communications	199,023	-	-	199,023	-	199,023
Supporting services						
General and administrative	2,282,548	224,891	-	2,507,439	(149,152)	2,358,287
Total expenses	4,151,678	1,414,230	-	5,565,908	(775,641)	4,790,267
Change in net assets	(237,715)	384,642	(93,551)	53,376	-	53,376
Net assets						
Beginning of year	1,770,600	1,018,581	676,779	3,465,960	-	3,465,960
End of year	<u>\$ 1,532,885</u>	<u>\$ 1,403,223</u>	<u>\$ 583,228</u>	<u>\$ 3,519,336</u>	<u>\$ -</u>	<u>\$ 3,519,336</u>

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

For the Year Ended December 31, 2017

	GNO, Inc. Without Donor Restrictions	Foundation Without Donor Restrictions	Foundation With Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues						
Investor contributions	\$ 1,975,549	\$ 389,386	\$ -	\$ 2,364,935	\$ -	\$ 2,364,935
Sponsorship	405,450	155,400	-	560,850	-	560,850
NORLI	-	-	102,885	102,885	-	102,885
Grants	842,031	105,241	946,596	1,893,868	-	1,893,868
Management fees	1,052,031	36,094	-	1,088,125	(1,088,125)	-
Interest income	-	9,867	-	9,867	-	9,867
Other income	206,049	-	-	206,049	-	206,049
Net assets released from restrictions	-	1,595,170	(1,595,170)	-	-	-
Total revenues	4,481,110	2,291,158	(545,689)	6,226,579	(1,088,125)	5,138,454
Expenses						
Program services						
Grants	833,469	1,264,210	-	2,097,679	(702,298)	1,395,381
Initiatives	452,429	387,349	-	839,778	(35,668)	804,110
Public	72,221	-	-	72,221	-	72,221
Business development	686,211	-	-	686,211	-	686,211
Communications	191,717	-	-	191,717	-	191,717
Supporting services						
General and administrative	2,023,208	441,082	-	2,464,290	(350,159)	2,114,131
Total expenses	4,259,255	2,092,641	-	6,351,896	(1,088,125)	5,263,771
Change in net assets	221,855	198,517	(545,689)	(125,317)	-	(125,317)
Net assets						
Beginning of year	1,548,745	820,064	1,222,468	3,591,277	-	3,591,277
End of year	<u>\$ 1,770,600</u>	<u>\$ 1,018,581</u>	<u>\$ 676,779</u>	<u>\$ 3,465,960</u>	<u>\$ -</u>	<u>\$ 3,465,960</u>

GREATER NEW ORLEANS, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	GNO, Inc.					Greater New Orleans Development Foundation				Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Program Services					Program Services						
	Grants	Initiatives	Public	Business Development	Communications	General & Administrative	Grants	Initiatives	General & Administrative			
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000
Bank service charge	-	-	-	-	-	1,529	-	(75)	385	1,839	-	1,839
Consultants	186,731	14,275	81,292	229,000	4,000	73,534	74,559	-	10,000	673,391	-	673,391
Development	19,910	6,171	-	10,585	-	14,668	2,833	-	-	54,167	-	54,167
Depreciation	-	-	-	-	-	48,208	-	-	-	48,208	-	48,208
Dues and subscriptions	39,801	-	1,904	3,849	-	26,116	838	-	120	72,628	-	72,628
Grants	-	-	-	-	-	21,950	10,875	56,000	1,013	89,838	-	89,838
Grant administration	112,901	-	-	-	-	-	207,000	-	(207,000)	112,901	-	112,901
Insurance	-	395	(656)	(10,319)	(7,817)	99,146	-	-	25,249	105,998	-	105,998
Indirect overhead	-	-	-	-	-	-	161,415	-	(161,415)	-	-	-
Marketing	32,930	-	-	-	-	73,574	-	-	-	106,504	-	106,504
Meetings and events	6,074	268,597	5,548	24,358	-	42,627	16,634	-	(3,580)	360,258	-	360,258
Management fee	16,163	-	-	-	-	-	610,326	-	149,152	775,641	(775,641)	-
Merchant credit card fees	-	4	-	-	-	4,642	-	101	-	4,747	-	4,747
Payroll service fees	-	-	-	-	-	18,580	-	-	5,496	24,076	-	24,076
Payroll taxes	-	-	4,003	29,343	14,379	55,889	-	-	24,206	127,820	-	127,820
Postage and delivery	-	-	447	57	-	1,425	77	-	-	2,006	-	2,006
Printing and reproduction	992	9,358	136	1,010	381	15,226	911	-	192	28,206	-	28,206
Professional services	-	-	-	-	-	28,261	-	-	2,760	31,021	-	31,021
Public relations	8,500	-	-	-	-	(3,333)	-	-	-	5,167	-	5,167
Rent expense	-	-	-	40,357	-	186,278	-	-	-	226,635	-	226,635
Repairs and maintenance	-	-	-	-	-	5,984	-	-	-	5,984	-	5,984
Salary and wages	-	-	48,125	324,508	188,080	1,285,705	-	-	352,618	2,199,036	-	2,199,036
Service awards	-	8,266	-	313	-	1,664	-	-	-	10,243	-	10,243
Storage	-	-	-	-	-	7,031	-	-	-	7,031	-	7,031
Supplies	-	1,446	-	1,930	-	7,973	531	-	46	11,926	-	11,926
Training and development	-	-	-	-	-	-	1,200	-	2,750	3,950	-	3,950
Technology	-	-	-	1,006	-	24,549	16	-	-	25,571	-	25,571
Telephone	-	-	-	5,029	-	30,914	-	-	3,273	39,216	-	39,216
Travel, meals and entertainment	979	56,116	8,903	65,770	-	112,207	18,901	133	9,710	272,719	-	272,719
Website development	4,000	-	-	-	-	11,000	27,064	-	-	42,064	-	42,064
401K contributions	-	-	-	-	-	47,201	-	-	9,916	57,117	-	57,117
Total expenses	\$ 428,981	\$ 364,628	\$ 149,702	\$ 726,796	\$ 199,023	\$ 2,282,548	\$ 1,133,180	\$ 56,159	\$ 224,891	\$ 5,565,908	\$ (775,641)	\$ 4,790,267

GREATER NEW ORLEANS, INC.
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	GNO, Inc.					Greater New Orleans Development Foundation			Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals	
	Program Services					Program Services						
	Grants	Initiatives	Public	Business Development	Communications	General & Administrative	Grants	Initiatives	General & Administrative			
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
Bank service charge	20	-	-	-	-	403	-	275	106	804	-	804
Consultants	482,067	129,522	60,110	110,500	21,000	15,465	63,000	36,167	-	917,831	(35,668)	882,163
Development	15,500	80,052	(125)	34,598	-	17,819	19,964	-	-	167,808	-	167,808
Depreciation	-	-	-	-	-	48,657	-	-	-	48,657	-	48,657
Dues and subscriptions	20,598	-	6,289	7,748	-	14,877	16,311	530	45	66,398	-	66,398
Grants	-	-	-	-	-	28,050	258,833	312,083	(233,833)	365,133	-	365,133
Grant administration	185,569	1,518	-	-	-	-	-	-	-	187,087	-	187,087
Interest	-	-	-	-	-	411	-	-	-	411	-	411
Insurance	-	315	-	(8,057)	(11,493)	96,222	210	-	26,575	103,772	-	103,772
Indirect overhead	-	-	-	-	-	-	156,922	-	(156,922)	-	-	-
Marketing	4,200	352	-	375	-	78,056	-	-	-	82,983	-	82,983
Meetings and events	12,148	173,079	276	45,209	-	38,630	41,900	31,666	-	342,908	-	342,908
Management fee	36,093	-	-	-	-	-	666,205	-	350,159	1,052,457	(1,052,457)	-
Merchant credit card fees	-	221	-	75	-	1,292	-	433	-	2,021	-	2,021
Payroll service fees	-	-	-	-	-	12,559	-	-	5,766	18,325	-	18,325
Payroll taxes	-	-	-	33,254	12,210	56,718	-	-	27,694	129,876	-	129,876
Postage and delivery	123	-	-	190	-	1,521	86	-	-	1,920	-	1,920
Printing and reproduction	375	8,822	-	1,116	-	10,581	12,991	-	-	33,885	-	33,885
Professional services	-	1,500	-	1,329	-	13,767	-	-	2,750	19,346	-	19,346
Public relations	53,500	-	-	-	-	-	-	392	-	53,892	-	53,892
Rent expense	-	-	-	11,700	-	175,028	-	-	-	186,728	-	186,728
Repairs and maintenance	-	180	-	23	-	3,171	-	-	-	3,374	-	3,374
Salary and wages	-	-	-	380,420	170,000	1,170,481	-	-	392,174	2,113,075	-	2,113,075
Service awards	917	18,342	-	2,052	-	940	-	451	-	22,702	-	22,702
Storage	-	-	-	-	-	7,237	-	-	-	7,237	-	7,237
Supplies	-	1,415	-	2,066	-	19,591	1,217	201	-	24,490	-	24,490
Technology	3,900	132	28	333	-	20,695	3,105	-	-	28,193	-	28,193
Telephone	1,380	-	-	3,059	-	33,720	17	-	3,155	41,331	-	41,331
Travel, meals and entertainment	17,079	34,335	5,643	60,221	-	82,247	23,269	5,151	12,633	240,578	-	240,578
Website development	-	2,644	-	-	-	1,000	180	-	-	3,824	-	3,824
401K contributions	-	-	-	-	-	44,070	-	-	10,780	54,850	-	54,850
Total expenses	\$ 833,469	\$ 452,429	\$ 72,221	\$ 686,211	\$ 191,717	\$ 2,023,208	\$ 1,264,210	\$ 387,349	\$ 441,082	\$ 6,351,896	\$ (1,088,125)	\$ 5,263,771



WEGMANN DAZET & COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Greater New Orleans, Inc., and its affiliate Greater New Orleans Development Foundation which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 25, 2019

A handwritten signature in cursive script that reads "Wegman Dargatzis & Co".

GREATER NEW ORLEANS, INC. AND AFFILIATE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2018

SUMMARY OF COMPENSATION

Michael Hecht
President & CEO

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

GREATER NEW ORLEANS, INC.
AND AFFILIATE

STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018



WEGMANN DAZET & COMPANY

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by Greater New Orleans, Inc. and Affiliate (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. 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:

Board or Finance Committee

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the procedures noted above and noted no exceptions.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

We performed the procedures noted above and noted no exceptions.

Collections

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We performed the procedures noted above and noted no exceptions.

3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

We performed the procedures noted above and noted no exceptions.

5. Randomly select two deposit dates for each of the 5 bank accounts selected for testing (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

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

- 6. 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).

We performed the procedures noted above and noted no exceptions.

- 7. For each location selected under #6 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.

We performed the procedures noted above and noted no exceptions.

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

We performed the procedures noted above and noted no exceptions.

- 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.

We performed the procedures noted above and noted no exceptions.

- 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.

We performed the procedures noted above and noted no exceptions.

- 8. For each location selected under #6 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.

We performed the procedures noted above and noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

We performed the procedures noted above and noted no exceptions.

Other

9. 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.

We performed the procedures noted above and noted no exceptions.

10. 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.

We performed the procedures noted above and noted no exceptions.

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

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

June 25, 2019

