NEW ORLEANS CONVENTION & VISITORS BUREAU

Audits of Consolidated Financial Statements

December 31, 2015 and 2014

LAPORTE

CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
New Orleans Convention & Visitors Bureau

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of the New Orleans Convention & Visitors Bureau and its subsidiary (the Bureau) which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities 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 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.

Auditor's 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 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 from 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 auditor's judgment, including the 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. 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 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 the Bureau, as of December 31, 2015 and 2014, 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
Other Information
Our audits were conducted for the purpose of forming opinions on the consolidated 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 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 our report dated May 9, 2016 on our consideration of the Bureau'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 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 the Bureau's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
May 9, 2016

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 13,610,046**	$ 8,730,565
Accounts Receivable	**1,393,778**	727,727
Receivables, State of Louisiana	**2,654,983**	1,540,871
Receivables, Tourism Support Assessment	**1,499,595**	1,344,839
Due from Investment Fund	**1,724,233**	-
Inventory	**71,198**	67,980
Prepaid Expenses	**614,380**	524,077
Total Current Assets	**21,568,213**	12,936,059
Investments		
Marketable Securities at Fair Value	**10,882,098**	14,818,414
Property, Equipment, and Leasehold Improvements		
Land	**3,373,130**	3,373,130
Building and Improvements	**9,167,019**	9,167,019
Furniture and Fixtures	**759,605**	1,037,615
Equipment	**870,504**	990,576
Leasehold Improvements	**459,042**	436,531
Software	**179,480**	179,480
Transportation Vehicles	**13,477**	13,477
Total Property, Equipment, and Leasehold Improvements	**14,822,257**	15,197,828
Less: Accumulated Depreciation	**(5,039,637)**	(5,112,752)
Property, Equipment, and Leasehold Improvements, Net	**9,782,620**	10,085,076
Other Assets		
Intangible Asset - Internet Domain	**1,200,000**	1,200,000
Total Assets	**$ 43,432,931**	$ 39,039,549

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

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Financial Position (Continued)
December 31, 2015 and 2014

	2015	2014
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 2,566,129**	$ 2,449,428
Deferred Revenue	**100,159**	64,938
Promise to Give	**297,250**	290,000
Other Accrued Liabilities	**1,184,386**	798,719
Total Current Liabilities	**4,147,924**	3,603,085
Long-Term Liabilities		
Promise to Give	**931,000**	1,228,250
Total Liabilities	**5,078,924**	4,831,335
Net Assets		
Unrestricted		
Designated	**11,101,072**	9,461,335
Undesignated	**27,252,935**	24,746,879
Total Net Assets	**38,354,007**	34,208,214
Total Liabilities and Net Assets	**$ 43,432,931**	$ 39,039,549

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

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Activities
December 31, 2015 and 2014

	2015	2014
Revenue and Support		
Appropriations from Government Agencies	$ 10,861,338	$ 10,059,791
Tourism Support Assessment Revenue	18,236,730	12,208,693
Membership Dues	1,697,455	1,702,964
Hotel Occupancy Privilege Tax and Downtime Funding	1,137,442	1,100,102
Staffing Services Reimbursement	402,233	612,380
Louisiana Office of Tourism Support	525,000	525,000
Investment Return	(376,201)	495,838
Disaster Relief Funding	-	500,000
Other Revenue	476,989	404,586
Industry Show Cost-Share Reimbursement	172,728	146,030
Total Revenue and Support	33,133,714	27,755,384
Expenses		
Program Services Expenses		
Convention Sales and Services	7,103,384	9,318,907
Communication and Public Relations	2,184,540	2,185,511
Tourism Promotion	1,712,444	1,573,788
Tourism Promotion Funded through Privilege Tax and Downtime Funding	2,215,376	1,829,596
Member Services	427,095	381,937
Information Systems	494,425	311,205
Supporting Services Expenses		
Welcome Center Building, LLC	229,315	229,315
General and Administration	3,013,237	2,762,423
Tourism Support Assessment External Commitments		
New Orleans Tourism Marketing Corporation Disbursements	7,769,485	5,096,409
City of New Orleans Disbursements	1,947,015	1,698,010
Louisiana State Police Funding	1,250,000	-
French Quarter Management District Disbursements	641,605	-
Total Expenses	28,987,921	25,387,101
Change in Net Assets	4,145,793	2,368,283
Net Assets, Beginning of Year	34,208,214	31,839,931
Net Assets, End of Year	$ 38,354,007	$ 34,208,214

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

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	**$ 4,145,793**	$ 2,368,283
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided by Operating Activities		
Depreciation	**356,136**	363,860
(Gain) Loss on Disposal of Equipment	**(1,188)**	512
Unrealized Loss (Gain) on Investment Securities	**686,348**	(176,825)
(Increase) Decrease in Assets		
Accounts Receivable	**(1,934,919)**	(857,577)
Due from Investment Fund	**(1,724,233)**	-
Inventory	**(3,218)**	3,218
Due from a Related Party	**-**	26,475
Prepaid Expenses	**(90,303)**	(29,086)
Increase (Decrease) in Liabilities		
Accounts Payable	**116,701**	1,933,256
Deferred Revenue	**35,221**	(8,562)
Promise to Give	**(290,000)**	1,268,250
Other Accrued Liabilities	**385,667**	76,309
Net Cash Provided by Operating Activities	**1,682,005**	4,968,113
Cash Flows from Investing Activities		
Proceeds from Sales of Investment Securities	**7,626,492**	4,768,164
Purchases of Investment Securities	**(4,376,524)**	(4,853,248)
Purchase of Intangible Asset - Internet Domain	**-**	(1,200,000)
Capitalization and Acquisition of Property	**(52,492)**	(91,017)
Net Cash Provided by (Used in) Investing Activities	**3,197,476**	(1,376,101)
Net Increase in Cash and Cash Equivalents	**4,879,481**	3,592,012
Cash and Cash Equivalents, Beginning of Year	**8,730,565**	5,138,553
Cash and Cash Equivalents, End of Year	**$ 13,610,046**	$ 8,730,565

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

Note 1. Nature of Activities

History and Organization

The New Orleans Convention & Visitors Bureau 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 Convention & Visitors Bureau 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 Convention & Visitors Bureau 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 nonprofit 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 Convention & Visitors Bureau. New Orleans Convention & Visitors Bureau is the sole stockholder of New Orleans & Company, Inc. There has been no activity since New Orleans & Company, Inc.'s formation in 2008.

Note 2. Summary of Significant Accounting Policies

Consolidation

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

Basis of Accounting

The consolidated financial statements of the Bureau are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, therefore, reflect all significant receivables, payables, and other liabilities.

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.* In accordance with this guidance, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net asset, and permanently restricted net assets. The Bureau has no temporarily or permanently restricted net assets.

Cash and Cash Equivalents

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

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount the Bureau expects to collect from outstanding balances. As of December 31, 2015 and 2014, 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 market.

Investments

Investments, consisting of common stocks, real estate investment trusts, exchange traded funds, private equity/hedge funds, and mutual funds, are recorded at market value. Unrealized gains and losses on investments in common stocks, real estate investment trusts, exchange traded funds, and mutual funds with readily determinable fair values are recorded in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

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.

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 $356,136 and $363,860 for the years ended December 31, 2015 and 2014, 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

Note 2. Summary of Significant Accounting Policies (Continued)

Valuation of Long-Lived Assets

The Bureau 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 Bureau recognized no impairment during the years ended December 31, 2015 or 2014.

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.

Revenue

The Bureau 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, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as unrestricted support, 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 restricted support. 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.

Vacation and Sick Pay

All full time regular employees are eligible for up to ten days of paid vacation after one year of service and up to fifteen days after five years of service. 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 Bureau expenses advertising costs as incurred. Advertising expenses charged to operations totaled $1,961,856 and $2,066,462 in 2015 and 2014, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

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 Bureau 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.

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.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period consolidated financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Note 3. Concentration of Credit Risk

The Bureau periodically maintains cash in bank accounts in excess of insured limits. The Bureau 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, 2015, the Bureau had an amount due from investment fund in the amount of $1,724,233. This represented funds that were received after December 31, 2015, for an investment account that was closed prior to December 31, 2015. There were no amounts due from investment funds at December 31, 2014.

Note 5. Investments

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

	2015	2014
Common Stocks	$ 2,930,962	$ 6,525,339
Real Estate Investment Trust	880,154	903,588
Private Equity/Hedge Funds	2,903,909	4,906,602
Mutual Funds	2,595,288	2,482,885
Exchange Traded Funds	1,571,785	-
Total Investments	$ 10,882,098	$ 14,818,414

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended December 31st:

	2015	2014
Dividends and Interest	$ 310,147	$ 319,013
Net Unrealized and Realized (Losses) Gains	(686,348)	176,825
Total Investment Return	$ (376,201)	$ 495,838

Note 6. Intangible Asset – Internet Domain

On May 2, 2014, the Bureau 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 Bureau will test the asset for impairment. There has been no impairment loss recorded as of December 31, 2015 and 2014.

Note 7. Fair Value Measurements

The Bureau 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.

Note 7. Fair Value Measurements (Continued)

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. Also included in Level 2 are investments measured using a net asset value (NAV) per share or its equivalent that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

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 Bureau 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.

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 Bureau has elected the fair value option, are estimated as described in the preceding section.

Note 7. 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, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Basic Materials	**$ 354,749**	**$ -**	**$ -**	**$ 354,749**
Consumer Goods	**754,314**	**-**	**-**	**754,314**
Financial	**278,104**	**-**	**-**	**278,104**
Healthcare	**390,984**	**-**	**-**	**390,984**
Industrial Goods	**94,961**	**-**	**-**	**94,961**
Information Technology	**468,074**	**-**	**-**	**468,074**
Business Services	**329,066**	**-**	**-**	**329,066**
Utilities	**260,710**	**-**	**-**	**260,710**
Total Common Stocks	**2,930,962**	**-**	**-**	**2,930,962**
Real Estate Investment Trusts	**880,154**	**-**	**-**	**880,154**
Private Equity/Hedge Funds	**-**	**2,903,909**	**-**	**2,903,909**
Exchange Traded Fund	**1,571,785**	**-**	**-**	**1,571,785**
Mutual Funds				
Emerging Markets Bond	**983,075**	**-**	**-**	**983,075**
Multialternative	**234,940**	**-**	**-**	**234,940**
Bank Loan	**890,391**	**-**	**-**	**890,391**
Intermediate Term Bond	**486,882**	**-**	**-**	**486,882**
Total Mutual Funds	**2,595,288**	**-**	**-**	**2,595,288**
Total Investment at Fair Value	**$ 7,978,189**	**$ 2,903,909**	**$ -**	**$ 10,882,098**

December 31, 2014	Level 1	Level 2	Level 3	Total
Common Stocks				
Basic Materials	$ 764,303	$ -	$ -	$ 764,303
Consumer Goods	1,415,374	-	-	1,415,374
Natural Resources	4,828	-	-	4,828
Real Estate	9,520	-	-	9,520
Financial	853,928	-	-	853,928
Healthcare	819,652	-	-	819,652
Industrial Goods	372,348	-	-	372,348
Information Technology	1,054,179	-	-	1,054,179
Business Services	991,715	-	-	991,715
Utilities	239,492	-	-	239,492
Total Common Stocks	6,525,339	-	-	6,525,339
Real Estate Investment Trusts	903,588	-	-	903,588
Private Equity/Hedge Funds	-	4,906,602	-	4,906,602
Mutual Funds				
Emerging Markets Bond	1,007,021	-	-	1,007,021
Intermediate Term Bond	1,475,864	-	-	1,475,864
Total Mutual Funds	2,482,885	-	-	2,482,885
Total Investment at Fair Value	$ 9,911,812	$ 4,906,602	$ -	$ 14,818,414

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The FASB issued a standards update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share.* Fair values are determined by the use of calculated net asset value per ownership share. The Bureau's investments at December 31, 2015, 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)	$ 1,025,154	1	N/A	$ -	Monthly	May request redemption at a minimum of five business days prior to the end of the month.	N/A
Private Equity (Limited Partnership) (b)	1,878,755	1	N/A	-	Quarterly	May request redemptions quarterly with an 85 day notice period and 25% investor level gate per quarter.	N/A
Total	$ 2,903,909			$ -			

(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.

(b) This limited partnership seeks to generate high absolute returns through trading and investing in financial assets in the corporate credit, mortgage-backed securities, and asset-backed securities markets.

Note 8. Tourism Support Assessment Revenue

The Tourism Support Assessment became effective on April 1, 2014. The Tourism Support Assessment is an assessment by the Bureau 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 Bureau, reads as follows: On or before the 20th day of each month, each hotel member shall remit to the Bureau 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 8. Tourism Support Assessment Revenue (Continued)

Net proceeds of the assessment (after payment or provision for payment of program expenses) are disbursed to the Bureau, 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 Bureau for tourism and convention sales marketing, (ii) .75% of the 1.75% assessment to the NOTMC for 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 Bureau 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 Bureau 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.

Tourism support assessment revenue totaled $18,236,730 for the year ended December 31, 2015 and $12,208,693 for the year ended December 31, 2014.

Note 9. Net Assets

Board-designated, unrestricted net assets are designated to support the following as of December 31st:

	2015	2014
Hotel Occupancy Privilege Tax and Downtime Funding*	**$ 1,829,269**	$ 2,114,317
Future Commitments	**9,271,803**	7,347,018
Total	**$ 11,101,072**	$ 9,461,335

*Funds provided by the New Orleans Tourism Marketing Corporation are designated for leisure tourism promotion.

The Bureau has arrangements with the State of Louisiana to promote leisure tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 16 of the 2015 and Act 15 of the 2014 Regular Legislative Session provides for an annual appropriation of up to $9,000,000 based on the state's fiscal year end June 30th. The Bureau collected $9,000,000 from the state during the state's fiscal years ended June 30, 2015 and 2014. The actual appropriation recorded for the years ended December 31, 2015 and 2014, by the Bureau, was $10,861,338 and $10,059,791, respectively.

Note 10. 401(k) Plan

The Bureau 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% of the elective deferral of each employee, to the first 3% of the participant's compensation and 50% of the elective deferral of each employee, to the next 2% of the participant's compensation. Matching contributions for the years ended December 31, 2015 and 2014 were $172,592 and $124,098, respectively.

Note 11. Donated Services (Unaudited)

The Bureau 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 $524,394 and $698,593 of donated services were received in 2015 and 2014, 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 12. Commitments and Contingencies

Operating Leases

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

2016	$ 60,528
2017	39,137
2018	13,902
2019	988
2020	600
Thereafter	25,200
Total	$ 140,355

Rent expense in 2015 and 2014, totaled $62,897 and $63,779, respectively.

Other Commitments and Contingencies

The Bureau is involved in claims and legal proceedings. When it appears probable in management's judgment that the Bureau will incur monetary damages or other costs in connection with claims and proceedings, and the costs can be reasonably estimated, appropriate liabilities are recorded. While the results are uncertain, management believes that the ultimate disposition of such proceedings will not have a materially adverse effect on the Bureau's consolidated financial statements.

Note 12. Commitments and Contingencies (Continued)

Other Commitments and Contingencies (Continued)

The City of New Orleans has a need for more of a presence of Louisiana State Troopers throughout the city, particularly the French Quarter, in order to maintain public safety. In 2015, the Bureau and the New Orleans Ernest N. Morial Convention Center agreed to share the annual cost of $2,500,000 needed to pay for the State Trooper's overtime in order to enhance security throughout the City of New Orleans. There is a one time expense of $1,250,000 reflected in the statement of activities for the year ended December 31, 2015.

Note 13. Promise to Give

During the year ended December 31, 2011, the Bureau 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 Bureau extended the contract for the period of five years. At December 31, 2015 and 2014, included in current liabilities is $297,250 and $290,000, respectively, and in long-term liabilities is $931,000 and $1,228,250, respectively, due for this event.

Note 14. Cooperative Endeavor Agreements

During 2015, the Bureau operated 4 international offices in the UK, Germany, France, and Canada, 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, China, Australia, and Japan. The Louisiana Office of Tourism reimburses the Bureau for 65% of the cost of marketing and operations at these foreign offices with a maximum reimbursement of $525,000. Included in Louisiana Office of Tourism support on the consolidated statements of activities is $525,000 for the years ended December 31, 2015 and 2014, related to this funding.

On September 4, 2015, there was a cooperative endeavor agreement entered into by the City of New Orleans, the Bureau and the New Orleans Ernest N. Morial Convention Center. The Bureau 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. In 2016, the Bureau will fund $500,000, New Orleans Tourism and Marketing Corporation $500,000 and the New Orleans Ernest N. Morial Convention Center $1,000,000.

Note 15. Subsequent Events

Management has evaluated subsequent events through, May 9, 2016, the date which the consolidated financial statements were available to be issued and determined that the following event occurred that requires disclosure:

During 2015, arbitration hearings related to the construction of the Welcome Center building took place. A settlement to the arbitration was reached subsequent to December 31, 2015 in favor of the Bureau.

No other subsequent events occurring after May 9, 2016 have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

NEW ORLEANS CONVENTION & VISITORS BUREAU
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2015

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 Convention & Visitors Bureau

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 Convention & Visitors Bureau and its subsidiary (the Bureau) which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 9, 2016.

Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Bureau'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 Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 Bureau'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
May 9, 2016