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NEW ORLEANS
METROPOLITAN CONVENTION
& VISITORS BUREAU, INC.

December 31, 1995

Audit of Financial Statements

December 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, of the cost of the appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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April 16, 1996

**Officers and Board of Directors
New Orleans Metropolitan Convention &
Visitors Bureau, Inc.**

Ladies and Gentlemen:

We would like to take this opportunity to thank your employees for the cooperation given us during our audit of the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.** for the year ended December 31, 1995. During the course of our audit, we discussed areas of an operational nature with management. Presented below are areas that we believe should be brought to your attention, together with our observations of those areas. This letter does not affect our report dated April 16, 1996 on the financial statements of the BUREAU.

Finding

During our examination of fixed assets, we noted that there were original titles of ownership to vehicles placed in an office file cabinet, often reorganized during the day. Additionally, other original contracts and agreements were also maintained in these cabinets, which are regularly entered into by employees.

Recommendation

We recommend that the Bureau consider purchasing a fireproof safe for placement of all titles of ownership, investment tax returns and original contracts. Consideration should be given to limiting the number of individuals allowed to access this safe.

The Bureau should also adopt a policy of storing back source documents (such as general ledgers, dated property records, dated accounts receivable records, etc.) in a locked fire-proof location.

Such a policy should help to prevent loss from fire or theft that would lead to the costly and time consuming task of reconstructing such records.

Finding

During our review of the internal controls with management, we noted that pre-numbered tickets or sales receipts are not currently being utilized at all events hosted by the Bureau.

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Officers and Board of Directors
New Orleans Metropolitan Convention
& Visitors Bureau, Inc.

April 16, 1996

Page 2

Recommendation

We recommend that management should consider implementing a system for the use of pre-numbered sales tickets. By using pre-numbered tickets, all sales of Bureau sponsored events would be accounted for in numerical order. This should allow for an easy reconciliation of the proceeds received to the number of people attending and to the number of people charged by vendors at providers of these events.

Finding

During our review of the Director Relief Federal Award, we noted a few instances, in which monthly reports were not filed by their respective scheduled due dates.

Recommendation

If the Bureau receives Federal Funding in the future, we recommend that management assign an individual separate from the report completion process to review the status on a quarterly basis. This individual should submit a report to management, making note of any exceptions that occurred during the period.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Keith Garcia and we will be pleased to discuss them in further detail at your convenience or to assist you in implementing the recommendations.

This letter is intended solely for the information and use of the Bureau's Board of Directors and management and should not be used for any other purpose.

We appreciate the confidence you have placed in us by allowing us to serve **the BUREAU** as Certified Public Accountants. If we can assist you in any way with the above, or other matters, please do not hesitate to contact us.

Very truly yours,

LAFORTE, SEINT, BOMH & HANE
A Professional Accounting Corporation


James J. Hane III
Certified Public Accountant

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Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

Independent Auditor's Report

We have audited the accompanying statement of financial position of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.**, as of December 31, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the **BUREAU's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Standards of Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.**, at December 31, 1998, the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note A to the financial statements, the **BUREAU** adopted Statement of Financial Accounting Standards (SFAS) 116, "Accounting for Contributions, Received and Contributions Made" and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations," in 1995.

L. A. Fite, Daniel Long & Wiersma

A Professional Accounting Corporation

April 16, 1998

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NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 1985

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,041,827
Accounts Receivable, Less Allowance for Doubtful Accounts of \$28,000	2,467,401
Due from New Orleans Tourism Marketing Corporation	714,238
Inventory	285,733
Prepaid Expenses	<u>118,889</u>
Total Current Assets	<u>15,028,098</u>

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture and Fixtures	185,477
Equipment	921,398
Leasehold Improvements	934,714
Transportation Vehicles	<u>182,145</u>
	2,098,726

Less: Accumulated Depreciation and Amortization (2,775,151)

Net Equipment and Leasehold Improvements \$223,575

OTHER ASSETS

5,421

Total Assets \$ 13,852,184

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

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,572,112
Deferred Revenue	167,238
Accrued Employee Benefit Plan Contributions	3,959
Other Accrued Liabilities	<u>296,383</u>

Total Current Liabilities 1,980,292

UNDESIGNATED NET ASSETS

Undesignated	15,138,688
Designated for Marketing Corporation	<u>151,088</u>

Total Net Assets 15,479,868

Total Liabilities and Net Assets \$ 15,835,180

NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 1998

UNRESTRICTED NET ASSETS

Revenue and Support

Appropriations from Government Agencies	\$ 6,984,896
New Orleans Tourism Marketing Corporation Funding	1,146,391
Membership Dues	1,132,799
Federal Award	383,619
Reservations Fees	689,730
Registration, Net	742,816
Interest	386,642
Realized Gains on Investments	294,447
Advertising	487,182
Donated Facilities	96,446
Posters and Booklets	17,494
Other Revenue	<u>68,282</u>
Total Revenue	<u>12,792,944</u>

Expenses

Program Services:	
Convention Sales and Services	1,918,093
Tourism Promotion	687,285
Public Affairs	272,947
New Orleans Tourism Marketing Corporation	1,119,019
Member Services	381,213
Federal Award	383,619
Housing	767,870
Supporting Services:	
General Administration	<u>1,258,682</u>
Total Expenses	<u>5,148,848</u>
Increase in Unrestricted Net Assets	5,252,096

NET ASSETS - BEGINNING OF YEAR **8,621,794**

NET ASSETS - END OF YEAR **\$ 13,873,890**

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

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 1995**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 8,232,896
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	228,361
Gain on Disposal of Equipment	(3,769)
Net Gain on Sale of Investment Securities	(294,467)
(Increase) in Accounts Receivable	(1,613,864)
(Increase) in Inventory	(158,318)
Decrease in Prepaid Expenses	42,522
(Increase) in Accounts Payable	(458,784)
(Increase) in Deferred Revenue	(125,281)
Increase in Annual Employee Benefit Plan Contributions	(29,980)
Increase in Other Accrued Liabilities	68,385
Net Cash Provided by Operating Activities	<u>2,805,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investment Securities	6,313,284
Purchases of Investment Securities	(6,858,737)
Proceeds from Disposal of Equipment	14,860
Purchases of Equipment and Leasehold Improvements	<u>(102,537)</u>
Net Cash Provided by Investing Activities	<u>268,870</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,134,606
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>8,827,321</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,961,927</u>

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

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.**, (the **BUREAU**) is a private, nonprofit, 501(c)(3) organization dedicated to promoting the Greater New Orleans area as a destination for trade shows, conventions, tour groups and individual travelers. The **BUREAU** grants credit to customers, substantially all of whom are located in Southeast Louisiana.

CASH FLOWS

For purposes of the statement of cash flows, the **BUREAU** considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

CONTRIBUTIONS

The **BUREAU** also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made" in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the restrictions and/or nature of any donor restrictions. This new statement had no effect on the change in net assets for 1995.

DEFERRED REVENUE

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

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements are stated at cost and are being depreciated or amortized using the straight-line method over estimated useful lives of three to fifteen years.

FINANCIAL STATEMENT PRESENTATION

In 1991, the **BUREAU** elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations". Under SFAS 117, 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 assets and permanently restricted net assets. In addition, the **BUREAU** is required to present a statement of cash flows. As permitted by this new statement, the **BUREAU** has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

INCOME TAX STATUS

The **BUREAU** is exempt from Federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

INVENTORY

Inventory consisting of posters and brochures is valued at cost. Cost is determined on the first-in, first-out method.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NON-DIRECT RESPONSE ADVERTISING:

The BUREAU expenses advertising costs as incurred. Advertising expenses charged to operations totaled \$104,798 for the year ended December 31, 1995.

USE OF ESTIMATES

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

NOTE B

GOVERNMENT APPROPRIATIONS

The BUREAU has entered into arrangements with the State of Louisiana to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations.

Previously, the State credited \$125,000 monthly to the BUREAU, and after the close of each fiscal year ended June 30, an excess payment of the United/Motel tax was remitted. Because this excess amount was not determinable at the BUREAU's year ended December 31, it was not considered revenue until received. During 1995, the State changed this method of payment, and now credits monthly an amount which includes what was previously considered the "excess". This change in contribution resulted in increased revenue for 1995 of approximately \$1,823,325.

For the year ended December 31, 1995, the BUREAU received appropriations as follows:

State of Louisiana	<u>\$1,823,325</u>
--------------------	--------------------

NOTE C

BENEFIT PLANS

Effective January 1, 1989, the BUREAU adopted a Section 401(k) Profit Sharing Plan and Trust (the Plan). The Plan covers substantially all full-time employees who are at least twenty and one-half years old and have completed one year of continuous service and have worked at least 1,000 hours. Employees may contribute up to 15% of their earnings during any year subject to the maximum level of deferral allowed by the Internal Revenue Service. The BUREAU makes matching contributions to the Plan in the amount of 50% of the elective deferral, to a maximum of 3% of the participant's compensation. Contribution expense for the year ended December 31, 1995, was \$41,486.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE D

COMMITMENTS AND CONTINGENCIES

The BUREAU has entered into a noncancelable 33-year operating lease for its office space. The terms of the lease require no payments for the first 10 years. It was the lessee's intent that these concessions be considered a contribution to the BUREAU. For financial statement purposes, the fair value of the leased space, valued at \$98,446, has been reflected in donated facilities and other operating expenses. In December 1994, the BUREAU was required to commence lease payments, based upon the fair rental value of the property during the third quarter of 1994. The payments start at 20% of the fair rental value and increase 30% annually until the BUREAU pays 100% of such fair rental value. Actual payments for 1995 amounted to \$24,161.

The BUREAU has contracted with four foreign tourism promoters. Obligations under the agreements, which expire December 31, 1998 amount to \$193,480 at December 31, 1995.

NOTE E

LITIGATION

The BUREAU is one of three defendants in a lawsuit filed by a company alleging that the booking policies of a local convention center violates anti-trust laws. The suit asks for damages totaling \$6.5 million dollars, and the plaintiff asks for trebling of those damages under the anti-trust laws. Outside counsel for the BUREAU has advised that proceedings are not scheduled to start until September 1996, therefore, he cannot offer an opinion as to the probable outcome. The BUREAU believes the suit is without merit and is vigorously defending its position.

The BUREAU is also involved in certain legal actions and claims arising in the ordinary course of their business. It is the opinion of management, based on advice of legal counsel, that such litigation and claims will be resolved without material effect on the BUREAU's financial position.

NOTE F

IMMATERIABLE 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 \$178,253 of donated services were received in 1995. However, these services do not meet all of the applicable requirements of SFAS 116, therefore, no amounts have been reflected in the financial statements for these donated services.

NOTE G

NEW ORLEANS TOURISM MARKETING CORPORATION FUNDING

Funds provided by the New Orleans Tourism Marketing Corporation which are designated for tourism promotion totaled \$1,168,391 in 1995. Unexpended funds of \$373,180 are included in Designated Net Assets at December 31, 1995. Amounts due from New Orleans Tourism Marketing Corporation totaled \$214,238 at December 31, 1995.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE B

LEASES

The BUREAU leases office space under an operating lease expiring in November, 1995.

Minimum future rental payments are as follows:

1996	\$ 91,000
1997	115,178
1998	139,129
1999	<u>148,000</u>
	\$ 493,307

The BUREAU leases additional office space on a month to month basis.

Rent expense for the year ended December 31, 1995, amounted to \$228,490.

NOTE C

OFF-BALANCE SHEET RISK

During the year ended December 31, 1995, the BUREAU maintained balances in financial institutions in excess of the federally insured limit. Additionally, the BUREAU had money market accounts with an investment brokerage firm. These accounts are not federally insured.

NOTE D

FEDERAL AWARD

During the year ended December 31, 1995, the BUREAU was awarded a Federal grant of \$480,808 for the project "Disaster Relief Tourism Promotion for New Orleans, L.A.", expiring September 30, 1996. In 1994, the grant award amount was increased to \$950,808 and the grant period was extended to December 31, 1995. For the year ended December 31, 1995, \$183,679 of the grant was funded.

NOTE E

CONTRIBUTION COMMITMENT

Contribution commitment relates to a pledge made by the BUREAU to a national tourism foundation. The contribution is reported in other accrued liabilities at December 31, 1995 at its present value using a discount rate of 8%. The contribution will be made over the next four years as follows:

1996	\$ 4,834
1997	4,288
1998	3,868
1999	<u>3,822</u>
	\$ 16,812

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE L

RELATED-PARTY TRANSACTIONS

During 1995, the BUREAU purchased printing services totaling \$679,966 from a company owned by an officer and director of the BUREAU.

NOTE M

ACCOUNTING FOR FINANCIAL INSTRUMENTS

On January 1, 1995, the BUREAU adopted SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," which requires the disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate the value.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present value estimates or other valuation techniques. These derived fair values are significantly affected by assumptions used, principally the timing of future cash flows and the discount rate. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realized in an immediate sale or settlement of the instrument. The disclosure requirements of SFAS 107 include certain financial instruments and nonfinancial instruments. Accordingly, the aggregate fair value amounts presented do not represent management's estimation of the underlying value of the BUREAU.

The BUREAU's cash, temporary cash investments, and trade receivables and payables carrying amounts approximate fair values.



**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL AWARDS**

Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

We have audited the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.** ("the BUREAU") (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996. Those financial statements are the responsibility of the BUREAU's management. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the BUREAU taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Lo, Peter, Albert, Long & Kiser

A Professional Accounting Corporation

April 16, 1996

A Professional Accounting Corporation

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NEW ORLEANS METROPOLITAN
 CONVENTION & VISITORS BUREAU, INC.
 SCHEDULE OF FEDERAL AWARDS
 For The Year Ended December 31, 1995

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
MARKET PROGRAM			
Department of Commerce	11.992	N/A	\$ 78,540
TOTAL			\$ 78,540

See independent auditor's report on schedule of federal awards.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

We have audited the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC., ("the BUREAU")** (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The management of the **BUREAU** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are recorded in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the **BUREAU** for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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The consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we noted certain immaterial matters involving the internal control structure and its operation that we have reported to the management of the BUREAU, in a separate letter dated April 16, 1996.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Ho, Little, Little, Long & Stone

A Professional Accounting Corporation

April 18, 1996



**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

We have audited the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.** (the **BUREAU**) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon, dated April 16, 1996. We have also audited compliance of the **BUREAU** with requirements applicable to major federal award programs and have issued our report thereon dated April 16, 1996.

We conducted our audits in accordance with generally accepted auditing standards, *Circulation of Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the **BUREAU** complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audits for the year ended December 31, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the **BUREAU** and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our considerations of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated April 16, 1996.

The management of the **BUREAU** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute,

A Professional Accounting Organization

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assurances that assets are safeguarded against loss from unauthorized use or disposition, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

Accounting Applications	General Requirements	Specific Requirements
Cash Receipts	Political Activity	Types of Services
Purchasing/Receiving	Civil Rights	Reporting
Accounts Payable	Cash Management	Claims for Advances and Reimbursements
Cash Disbursement	Federal Financial Reports	
Payroll	Allowable Cost/Cost Principles	
Property and Equipment	Drug-Free Workplace	
General Ledger	Administrative Requirements	
Reservables		

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, the BUREAU expended 100 percent of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-110, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts allowed or used for matching that are applicable to each of the BUREAU's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

The consideration of the internal control policies and procedures used in administering Federal Awards, would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material in relation to a Federal Awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We raised no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Ch. Rite, Chief Accountant

A Professional Accounting Corporation

April 16, 1986

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

We have audited the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.** (the **BUREAU**) a nonprofit organization as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the **BUREAU** is the responsibility of the **BUREAU**'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the **BUREAU**'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance with the above requirements, which we have communicated to the management of the **BUREAU** in a separate letter dated April 16, 1996.

A Professional Accounting Corporation

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This report is intended for the information of the Board of Directors, management, and the Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Lo. Public Audit Group, Inc.

A Professional Accounting Corporation

April 16, 1996



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARDS PROGRAMS**

Board of Directors
New Orleans Metropolitan
Convention & Visitors Bureau, Inc.

We have audited the financial statements of **NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.**, ("the BUREAU") a nonprofit organization as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996.

We have applied procedures to test the BUREAU's compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards for the year ended December 31, 1995:

General Requirements

Political Activity, Civil Rights, Cash Management, Administrative Requirements, Allowable Cost/Cost Principles, Drug-Free Workplace, Federal Financial Reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the BUREAU's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the BUREAU had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any insubstantial instances of noncompliance with these requirements.

A Professional Accounting Corporation

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Member of MBPAC (Member of CPA Time/Share Computer Plan for 1994 and 1995) and the Institute
of Certified Public Accountants of Louisiana, Inc.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

John Peter, Daniel Henry & Wines

A Professional Accounting Corporation

April 16, 1998

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Lo. State, State Army & Navy

A Professional Accounting Corporation

April 18, 1998