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LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

FINANCIAL REPORT

June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 16 1998

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (504) 924-1772 / Facsimile: (504) 927-9075

LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

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Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Travel Promotion Association, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana Travel Promotion Association, Inc. (a non-profit organization) as of June 30, 1998 and 1997, and the related statements of activity and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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 the Louisiana Travel Promotion Association, Inc. as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 1998, on our consideration of the Louisiana Travel Promotion Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 6, 1998

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LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

Statements of Financial Position ***June 30, 1998 and 1997***

ASSETS	1998	1997
Current Assets		
Cash and cash equivalents	$ **231,311**	$ 305,453
Certificates of deposit	**495,000**	289,287
Accounts receivable (net of allowance of $1,302 in 1998; $2,434 in 1997)	**97,369**	170,953
Prepaid expenses	**13,117**	10,061
Total current assets	**836,797**	775,754
Property and Equipment		
Vehicles	**22,481**	22,481
Leasehold improvements	**11,528**	11,207
Furniture and equipment	**130,402**	99,228
	164,411	132,916
Less accumulated depreciated	**(91,106)**	(68,001)
Total property and equipment	**73,305**	64,915
Cash Surrender Value of Life Insurance	**73,686**	56,411
Total Assets	$ **983,788**	$ 897,080

 Continued on next page.

LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

Statements of Financial Position, Continued — *June 30, 1998 and 1997*

LIABILITIES AND NET ASSETS	1998	1997
Current Liabilities		
Accounts payable	$ **106,095**	$ 182,083
Accrued expenses	**44,619**	41,218
Income taxes payable	**12,221**	1,000
Deferred revenue	**163,911**	178,741
Total current liabilities	**326,846**	403,042
Long Term		
Deferred compensation	**78,160**	68,223
Net Assets		
Unrestricted		
Designated - for building fund	**97,085**	70,471
Undesignated - available for general operations	**481,697**	355,344
Total net assets	**578,782**	425,815
Total Liabilities and Net Assets	$ **983,788**	$ 897,080

See Notes to Financial Statements.

LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

Statements of Activity and Changes in Net Assets *For the Years Ended June 30, 1998 and 1997*

	Unrestricted	
	1998	1997
Revenues		
Tour guide and maps	**$ 1,265,137**	$ 1,244,293
CO-OP advertising	**432,003**	543,205
Printing and distribution	**309,439**	288,937
Memberships	**254,775**	234,094
Trade shows	**156,647**	173,151
Travel summit	**109,255**	98,630
Governmental action	**68,211**	70,821
Education	**47,116**	37,064
Internet	**10,445**	11,680
Interest	**48,836**	33,416
Other	**2,510**	20,303
Total Revenues	**2,704,374**	2,755,594
Expenses		
Tour guide and maps	**989,013**	926,620
CO-OP advertising	**364,158**	467,216
Printing and distribution	**203,997**	160,569
Trade shows	**124,925**	140,388
Travel summit	**68,168**	70,929
Governmental action	**55,985**	58,964
Education	**37,624**	35,200
Salaries and related	**482,970**	427,988
Rents and utilities	**42,632**	42,006
Office supplies/printing	**32,256**	30,429
Telephone	**21,209**	15,106
Postage	**18,256**	16,592
Travel and related	**37,680**	37,738
Repairs	**4,885**	8,397
Accounting and professional	**5,580**	5,000
Bad debts	**-**	1,002
Depreciation	**23,105**	18,844
Interest	**69**	2,195
Internet	**9,832**	11,339
Other	**9,297**	13,346
Computer	**6,545**	-
Taxes on unrelated business income	**13,221**	1,000
Total Expenses	**2,551,407**	2,490,868
Excess of Revenues Over Expenses	**152,967**	264,726
Unrestricted Net Assets		
Beginning of year	**425,815**	161,089
End of year	**$ 578,782**	$ 425,815

See Notes to Financial Statements.

LOUISIANA TRAVEL PROMOTION ASSOCIATION, INC.

Statements of Cash Flows — *Years Ended June 30, 1998 and 1997*

	1998	1997
Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided By Operations		
Excess of revenues over expenses	$ 152,967	$ 264,726
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities		
Depreciation	23,105	18,844
Provision for doubtful accounts	-	1,002
Provision for deferred compensation	9,937	9,313
Increase in cash surrender value of life insurance	(17,275)	(13,733)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	73,584	(101,790)
Decrease (increase) decrease in prepaid expenses	(3,056)	10,381
(Decrease) increase in accounts payable	(75,988)	64,052
Increase in accrued expenses	3,401	1,419
Increase in income taxes payable	11,221	1,000
(Decrease) in deferred revenues	(14,830)	(5,405)
Net Cash Provided By Operations	163,066	249,809
Cash Flows (Used In) Investing Activities		
Expenditures for property and equipment	(31,495)	(31,939)
Purchase of certificates of deposit	(205,713)	(245,532)
Net Cash (Used In) Investing Activities	(237,208)	(277,471)
Cash Flows (Used In) Financing Activities		
Principal payments on long term debt	-	(28,613)
Net (Decrease) In Cash	(74,142)	(56,275)
Cash and Cash Equivalents		
Beginning of year	305,453	361,728
End of year	$ 231,311	$ 305,453

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During The Year For Interest	$ 69	$ 2,195
Cash Paid During The Year For Taxes	$ 1,000	$ -

See Notes to Financial Statements.

1. Nature of the Business

The Louisiana Travel Promotion Association, Inc. (Association) is operated exclusively for the purpose and objective of assisting and encouraging the prosperity of the State of Louisiana and its people through a broad and intense promotion of the tourist industry; to originate, and participate in, tourism programs and movements having as their aim the betterment of the economy of Louisiana and its people; and to this end, to bring together, and coordinate the efforts of all forces of business, industry, political subdivisions, civic and other groups and individuals.

2. Summary of Accounting Policies

Property, Equipment and Depreciation. Property and equipment are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income. Depreciation is computed using the straight line method over the estimated useful life of the assets (five to seven years). Amortization of leasehold improvements is computed using the straight line method over the estimated useful life of those improvements (generally ten years).

Revenue Recognition. The Association recognizes membership dues in the applicable membership period.

In addition, the Association publishes a tour guide and sells advertising space in the tour guide. The Association also promotes Louisiana tourism through trade shows supported by member involvement.

Deferred Revenue. Prepayments and revenues billed in advance for programs are deferred and recorded in income in the period in which the related services are rendered or the program is completed. A program is considered complete when all costs, except insignificant items, have been incurred. In addition, expenses related to the programs or services are deferred and recognized in the same period as the corresponding revenue.

Deferred income also consists of membership dues paid prior to the effective date of the membership.

Income Taxes. The Association is a non-profit organization which is exempt from income taxes under the Internal Revenue Code § 501(c)(6); however, the tour guide and co-op advertising activities are not considered tax exempt. The accrual basis of accounting is used for tax purposes, with overhead being allocated to the tour guide and co-op advertising activities based upon a percentage of total revenues.

Cash and Cash Equivalents. For purposes of reporting cash flows, cash and cash equivalents includes operating funds on deposit at the Association's bank, and temporary cash investments which includes funds deposited in highly liquid (original maturities of three months or less) investments. At year end, the cash balances in excess of FDIC insurance limits amount to $40,595.

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 those estimates.

3. Operating Leases

The Association leases office space under a five year non-cancelable operating lease expiring June 30, 1999. As of June 30, 1998, the future minimum rental payments under this lease are $27,900 for the year ended June 30, 1999 and none thereafter.

Rent paid during the years ended June 30, 1998 and 1997, was $27,900 for each year. In addition, rent paid for warehouse space, which is on an informal month-to-month basis, was $6,612 and $6,606 the years ending June 30, 1998 and 1997, respectively.

4. Income Taxes

The Association had unrelated business taxable income (loss) of $72,882 and $79,542 for the years ended June 30, 1998 and 1997, respectively. Tax expense for the year ended June 30, 1998 was $13,221. Utilization of a net operating loss carryforward of $72,230 resulted in taxable income of $7,312 and income tax of $1,000 for the year ended June 30, 1997.

5. Cash Surrender Value of Life Insurance

The Association maintains a life insurance policy on the Executive Director, Danny L. Young with a face value of $400,000. The Association has the policy to fund Mr. Young's retirement. The face of the policy is payable to the Association in the event of Mr. Young's death. At June 30, 1998 and 1997, the policy had a cash surrender value of $73,686 and $56,411, respectively.

6. Deferred Compensation

The Association has entered into a deferred compensation agreement with the Executive Director whereby the Association will pay to the Executive Director $40,000 per year for ten years upon retirement or the event of a disability. For the years ended June 30, 1998 and 1997, $9,937 and $9,313, respectively, was accrued and charged to expense.

7. Functional Expenses

The following is a breakdown by functional expense classification.

	1998	1997
Program Services		
Membership development	$ 273,013	$ 246,896
Marketing programs	1,587,503	1,629,972
Membership services	299,837	233,417
Governmental affairs	55,985	58,964
	2,216,338	2,169,249
General and Administrative	335,069	321,619
	$ 2,551,407	$ 2,490,868

8. Board Designated Funds

The Board has designated 1% of earned deposited revenue each year to be reserved for a building fund. The money is invested in certificates of deposit.

9. Concentrations

The Association has an annual contract with the State of Louisiana, Department of Tourism to produce the Louisiana "Tour Guide". Under the terms of the contract the department paid the Association $552,188 to produce the guide. The department then distributes the guide to anyone who requests it. The Association also sells advertising in the guide. The contract is a cooperative venture with the state and is subject to renewal annually. The association also has accounts receivable from members who are mostly located in the State of Louisiana.

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

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

To the Board of Directors
Louisiana Travel Promotion Association, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Travel Promotion Association, Inc. (a non-profit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated August 6, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Travel Promotion Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Travel Promotion Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

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internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and state awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 6, 1998

Provost Salter Harper Alford LLC
Certified Public Accountants
Business Advisors

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July 25, 1997

To the Board of Directors
Louisiana Travel Promotion Association, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Travel Promotion Association, Inc. for the year ended June 30, 1997 and 1996, and have issued our report thereon dated July 25, 1997. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 20, 1997, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Louisiana Travel Promotion Association, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Other Information in Documents Containing Audited Financial Statements

If there are other documents containing your audited financial statements, we have a responsibility to review those documents to determine whether the information contained in them is materially inconsistent with the audited financial statements. We are not aware of any such documents.

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Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Louisiana Travel Promotion Association, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended June 30, 1997 and 1996. We noted no transactions entered into by the Association during the year that were both significant and unusual, and of which under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were depreciation expense and deferred compensation expense.

Management's estimate of the deferred compensation expense is based on interest assumptions. We evaluated the key factors and assumptions used to develop the deferred compensation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Association that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed 12 audit adjustments to the trial balance that we were given to begin the audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a 'second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Directors and management of the Louisiana Travel Promotion Association, Inc. and should not be used for any other purpose.

Provost, Salter, Harper & Alford, L.L.C.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost Salter Harper Alford L.L.C. Certified Public Accountants Business Advisors

July 25, 1997

To the Board of Directors
Louisiana Travel Promotion Association, Inc.
Baton Rouge, Louisiana

We have performed an audit of the financial statements of the Louisiana Travel Promotion Association, Inc. for the year ended June 30, 1997 and 1996, and have issued our report thereon dated July 25, 1997. In planning and performing our audit of the financial statements of the Louisiana Travel Promotion Association, Inc., we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on its internal control structure. A material weakness is a condition in which the design or operation of the specific 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.

Our 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. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the finance committee and the Board of Directors, management, and others within the organization.

Provost, Salter, Harper & Alford, L.L.C.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

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