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NEW ORLEANS BUILDING CORPORATION

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

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CURTIS A. MORET
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Orleans Building Corporation

I have audited the accompanying statement of financial position of New Orleans Building Corporation (a nonprofit organization) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Significant third party documentation did not exist with respect to the recorded amounts for property, plant and equipment acquired in the acquisition of the New Orleans Union Passenger Terminal (NOUPT) described at Note B. Accordingly, I am unable to extend my audit of such property, plant and equipment, depreciation expense and accumulated depreciation for these assets beyond the recorded amounts.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the recorded amounts for property, plant and equipment, depreciation expense and accumulated depreciation referred to above been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of New Orleans Building Corporation as of December 31, 2003 and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 2004, on my consideration of New Orleans Building Corporation's internal control over

financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules on pages 13 and 14 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Curtis A. Moret

Curtis A. Moret, CPA

New Orleans, Louisiana
June 25, 2004



New Orleans Building Corporation
Statement of Financial Position
December 31, 2003

ASSETS

Current assets

Cash and Cash Equivalents	\$ 5,497,925
Accounts Receivable	119,962
Accounts Receivable - Other	<u>2,054</u>

Total Current Assets 5,619,941

Fixed Assets

Property, Plant and Equipment, Net 5,942,365

Other Assets

Developmental Costs	855,647
Prepaid Insurance	<u>2,718,280</u>

Total Other Assets 3,573,927

TOTAL ASSETS 15,136,233

Liabilities

Accounts Payable	396,241
Deferred Revenue	28,526
Developmental Costs Payable	<u>773,554</u>

Total Liabilities 1,198,321

Net Assets

Unrestricted	128,465
Temporarily Restricted	<u>13,809,447</u>

Total Net Assets 13,937,912

TOTAL LIABILITIES AND NET ASSETS \$ 15,136,233

See Accompanying Notes to Financial Statements.

New Orleans Building Corporation
Statement of Activities
For the Year Ended December 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support & Revenues			
Rent	\$ 42,708	\$ 1,434,496	\$ 1,477,204
Intellectual Property Proceeds	39,688	-	39,688
Reimbursable Expenses	61,602	87,334	148,936
Net Investment Income	981	8,845	9,826
Miscellaneous	-	411,020	411,020
	<hr/>		
Total Public Support & Revenues	144,979	1,941,695	2,086,674
Operating Expenses			
Program	35,386	2,120,739	2,156,125
Administration	203,122	-	203,122
	<hr/>		
Total Expenses	238,508	2,120,739	2,359,247
	<hr/>		
Change in Net Assets	(93,529)	(179,044)	(272,573)
Net Assets as of Beginning of Year	228,632	13,963,018	14,191,650
Adjustments	(6,638)	25,473	18,835
	<hr/>		
Net Assets as of End of Year	\$ 128,465	\$ 13,809,447	\$ 13,937,912
	<hr/> <hr/>		

See Accompanying Notes to Financial Statements.

New Orleans Building Corporation
Statement of Cash Flows
For the Year Ended December 31, 2003

Operating Activities	\$	
Change in net assets		(272,573)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		432,985
Decrease in accounts receivable		376,097
Increase in development costs		(60,397)
Increase in prepaid insurance		(114,833)
Increase in accounts payable		11,033
Decrease in deferred revenue		(6,397)
Increase in developmental costs payable		16,165
		<hr/>
Net cash provided by operating activities		382,080
		<hr/>
Investing Activities		
Building improvements		(5,577)
Change in net assets		18,835
		<hr/>
Net cash provided by investing activities		13,258
		<hr/>
Net increase in cash and cash equivalents		395,338
Cash and cash equivalents-beginning of year		5,102,587
		<hr/>
Cash and cash equivalents-end of year	\$	<u>5,497,925</u>

See Accompanying Notes to Financial Statements.

New Orleans Building Corporation
Notes to Financial Statements

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The New Orleans Building Corporation (NOBC) is a non-profit, public benefit corporation, incorporated in the state of Louisiana on May 4, 2000. The Corporation was formed for the purpose of owning, leasing, developing and operating properties owned by the City of New Orleans or by the Corporation. These purposes include, but are not limited to planning, renovating, constructing, leasing, subleasing, managing and promoting such properties, which activity is declared to constitute a public purpose.

Basis of Accounting

The financial statements of the NOBC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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. *The Organization had no permanently restricted net assets at December 31, 2003.*

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,600 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

New Orleans Building Corporation
Notes to Financial Statements

Income Taxes

NOBC was organized as a tax exempt corporation under the provisions of section 501(c)(3) and 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Note B - Major Acquisition

Background

On May 25, 2002, the New Orleans Building Corporation assumed control of the New Orleans Union Passenger Terminal (NOUPT) located in downtown New Orleans.

The NOUPT was created by the State of Louisiana to enable the City of New Orleans to form a unique partnership with private railroads to finance, build and operate the facility. The City acquired the sixty-acre downtown site and transferred use of it to the NOUPT until 2004 with an option to extend for another 50 years. With this arrangement in place, the railroads provided revenue bond financing for construction of a \$21-million terminal and support facility on the downtown site. The NOUPT began service in 1954, consolidating 30 weekly train arrivals and departures at five, widely scattered stations into the new downtown terminal. The City also granted the NOUPT the use of six miles of grade separated right-of-way created by city, state, federal and private railroad funding, in excess of \$19 million, to eliminate time consuming and hazardous grade-crossings over the tracks servicing the NOUPT. In 1977, the City and private railroads transferred passenger rail operating responsibility of the NOUPT to the National Railroad Passenger Corporation-Amtrak. The City continued other aspects of its partnership agreement with the private railroads constituting the NOUPT prior to Amtrak's assumption of national passenger service from these railroads in the 1970's. The result was a unique governing body for the NOUPT consisting of a committee composed of representatives of the City, Public Belt Railroad Commission, Amtrak and several railroads. The activities of the NOUPT are classified as temporarily restricted.

Nature of Operations

The NOUPT has several lease agreements with various tenants. The two major tenants located at the NOUPT facility are the National Railroad Passenger Corporation-Amtrak and Greyhound Lines Incorporated. Revenues derived from these leases are either fixed monthly amounts, variable monthly amounts based on tenant revenue or a combination of both. Additionally, the facility derives revenue pursuant to right of way leases with several communication companies. Finally, some tenants are responsible for sharing in a portion of the facility's operating costs.

New Orleans Building Corporation
Notes to Financial Statements

Note C - Cash

The total cash held by NOBC at December 31, 2003, includes \$5,056,813 in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Note D - Operating Leases

The Organization leases certain office equipment under a five year operating lease. As of December 31, 2003, the total remaining operating lease payments under this noncancelable lease are as follows:

<u>Year</u>	<u>Amount</u>
2004	3,590
2005	3,590
2006	<u>1,795</u>
Total	<u>\$12,565</u>

Rental expense under the operating lease was \$6,681 for the year ended December 31, 2003.

Note E - Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note F - Compensation of Directors

A seven-member Board of Directors guides the activities of NOBC. The Board consists of the Mayor of New Orleans, two Councilmembers-at-Large, one District Councilmember and three citizens. The board members serve without compensation.



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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 of
New Orleans Building Corporation

I have audited the financial statements of New Orleans Building Corporation (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued my report thereon dated June 25, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether New Orleans Building Corporation's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered New Orleans Building Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 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. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, federal awarding agencies, State Legislative Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Curtis A. Moret

Curtis A. Moret, CPA

New Orleans, Louisiana

June 25, 2004



New Orleans Building Corporation
For The Year Ended December 31, 2003

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003

None:

New Orleans Building Corporation
For The Year Ended December 31, 2003

Schedule of Prior Year Findings and Questioned Costs

None:

New Orleans Building Corporation
Combining Statement of Financial Position
For the Year Ended December 31, 2003

ASSETS	<u>NOBC</u>	<u>NOUPT</u>	<u>Total</u>
Current assets			
Cash and Cash Equivalents	\$ 114,679	\$ 5,383,246	\$ 5,497,925
Accounts Receivable	35,251	84,711	119,962
Accounts Receivable - Other	-	2,054	2,054
Total Current Assets	<u>149,930</u>	<u>5,470,011</u>	<u>5,619,941</u>
Fixed Assets			
Property, Plant and Equipment, Net	22,343	5,920,022	5,942,365
Other Assets			
Developmental Costs	855,647	-	855,647
Prepaid Insurance	-	2,718,280	2,718,280
Total Other Assets	<u>855,647</u>	<u>2,718,280</u>	<u>3,573,927</u>
TOTAL ASSETS	<u><u>1,027,920</u></u>	<u><u>14,108,313</u></u>	<u><u>15,136,233</u></u>
Liabilities			
Accounts Payable	110,276	285,965	396,241
Deferred Revenue	15,625	12,901	28,526
Developmental Costs Payable	773,554	-	773,554
Total Liabilities	<u>899,455</u>	<u>298,866</u>	<u>1,198,321</u>
Net Assets			
Unrestricted	128,465	-	128,465
Temporarily Restricted	-	13,809,447	13,809,447
Total Net Assets	<u>128,465</u>	<u>13,809,447</u>	<u>13,937,912</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,027,920</u></u>	<u><u>\$ 14,108,313</u></u>	<u><u>\$ 15,136,233</u></u>

See Accompanying Notes to Financial Statements.

New Orleans Building Corporation
Combining Statement of Activities
For the Year Ended December 31, 2003

	<u>NOBC</u>	<u>NOUPT</u>	<u>Total</u>
Public Support & Revenues			
Rent	\$ 42,708	\$ 1,434,496	\$ 1,477,204
Intellectual Property Proceeds	39,688	-	39,688
Reimbursable Expenses	61,602	87,334	148,936
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Net Assets as of End of Year	<u>\$ 128,465</u>	<u>\$ 13,809,447</u>	<u>\$ 13,937,912</u>

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