

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of **New Orleans Tourism and Cultural Fund (NOTCF)** (formerly New Orleans Tourism Marketing Corporation), a component unit of the City of New Orleans, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise NOTCF's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana
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Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of NOTCF as of December 31, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NOTCF's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
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Other Matters, Continued

Other Information, continued

The Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer is fairly stated in all material respects in relation to the basic 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 June 28, 2021 on our consideration of NOTCF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 NOTCF's internal control over financial reporting and compliance.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

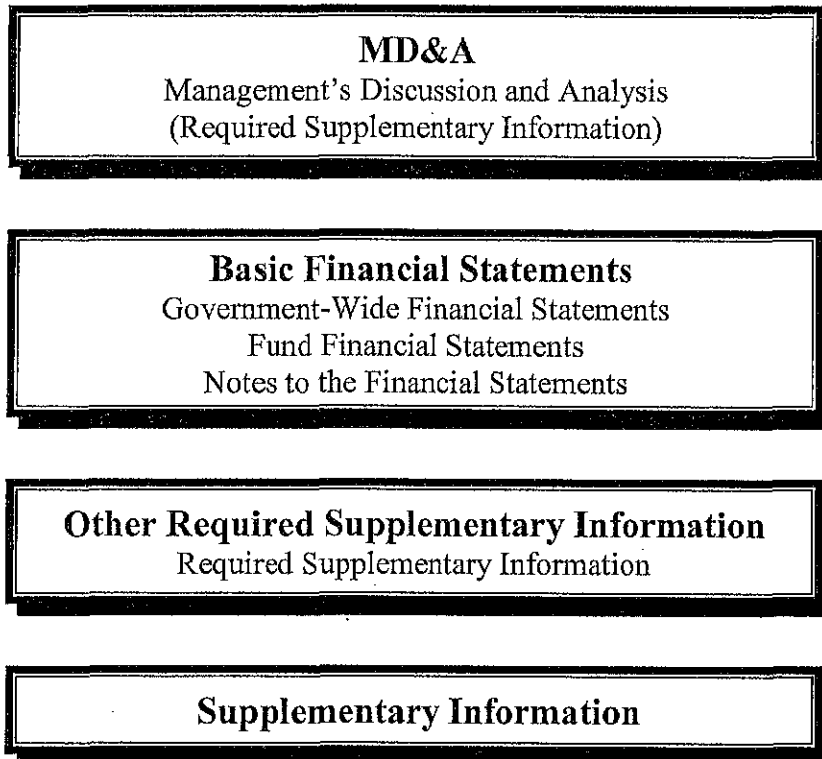
June 28, 2021



NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

New Orleans Tourism and Cultural Fund (NOTCF), formerly New Orleans Tourism Marketing Corporation is a component unit of the City of New Orleans. NOTCF's management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of NOTCF's financial activity, and identify changes in NOTCF's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2020.

The following is an illustration on how this financial report is presented.



NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements provide a perspective of **NOTCF** as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various **NOTCF** services.

Fund Financial Statements

The fund statements are similar to financial presentations of typical governmental agencies, but the focus is on **NOTCF's** major funds rather than fund types as in the past. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund type of **NOTCF**. The General Fund is used to account for the general activities of **NOTCF**. Its primary revenues are derived from hotel/motel occupancy privilege taxes.

NEW ORLEANS TOURISM AND CULTURAL FUND
A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Analysis of **NOTCF** as a whole:

Summary Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets			
Current assets	\$ <u>5,772,449</u>	\$ <u>7,013,940</u>	\$(<u>1,241,491</u>)
Total assets	<u>5,772,449</u>	<u>7,013,940</u>	<u>(1,241,491)</u>
Liabilities			
Current liabilities	<u>763,794</u>	<u>2,957,431</u>	<u>(2,193,637)</u>
Total liabilities	<u>763,794</u>	<u>2,957,431</u>	<u>(2,193,637)</u>
Net Position			
Unrestricted	<u>5,008,655</u>	<u>4,056,509</u>	<u>952,146</u>
Total net position	<u>\$5,008,655</u>	<u>\$4,056,509</u>	<u>\$ 952,146</u>

As indicated by the statement above, in 2020 total net position is \$5,008,655, which represents about a 23% increase from 2019. In 2020, total assets decreased by \$1,241,491 from \$7,013,940 to \$5,772,449. The 2020 decrease in current assets was primarily due to the decrease in receivables which is related to the loss of revenue sources including optional assessment and Harrah's funding. There was also a decrease in hotel occupancy privilege taxes receivable as a result of the COVID-19 impact on tourism.

The 2020 decrease in current liabilities of \$2,193,637 was primarily caused by the change in mission from the former New Orleans Tourism and Marketing Corporation to **NOTCF**. The former mission and related City Council ordinance requirements included pass-through payments from the hotel occupancy privilege tax that are no longer required under the new mission of **NOTCF**.

NEW ORLEANS TOURISM AND CULTURAL FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Results of Operations

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Occupancy privilege tax	\$ 2,453,174	\$ 5,817,179	\$ (3,364,005)
BP Oil Funding	-0-	102,869	(102,869)
Casino City Lease Agreement	-0-	1,000,000	(1,000,000)
Casino Hotel Agreement	-0-	1,000,000	(1,000,000)
Optional Hotel Assessment	-0-	7,981,773	(7,981,773)
Net Due to Outside Agencies/RTA Receivable			
Write-Off	-0-	64,286	(64,286)
Investment Earnings	<u>26,534</u>	<u>70,556</u>	<u>(44,022)</u>
Total revenues	<u>2,479,708</u>	<u>16,036,663</u>	<u>(13,556,955)</u>
Expenses			
Provisions of Funding to			
Outside Agencies	225,000	1,745,154	(1,520,154)
Special Events	786,862	1,913,050	(1,126,188)
Marketing	-0-	13,456,609	(13,456,609)
Transition Related Expenses	248,083	-0-	248,083
General and Administrative	<u>267,617</u>	<u>821,375</u>	<u>(553,758)</u>
Total expenses	<u>1,527,562</u>	<u>17,936,188</u>	<u>(16,408,626)</u>
Increase (decrease) in net position	<u>\$ 952,146</u>	<u>\$(1,899,525)</u>	<u>\$ 2,851,671</u>

Changes in **NOTCF's** revenues are reflected in the statement above. In 2020, the decrease in revenues is the result of the change in mission of **NOTCF** and the loss of Harrah's funding and Optional Hotel Assessment funding. The hotel occupancy privilege tax also decreased due to the impacts of COVID-19 on tourism.

The decrease in expenses is primarily due to the change in the mission of the organization, which the former mission had a heavy emphasis on marketing the City of New Orleans. **NOTCF** has adopted a new mission with a focus on culture bearers and therefore, marketing is not the focus of the organization.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Analysis of the Governmental Fund

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NOTCF's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the December 31, 2020 fiscal year, NOTCF's general fund reported ending fund balance of \$5,008,655, an increase of \$952,146 in comparison to the prior year. Of the total fund balance, the Board of Directors has reported the following as assigned fund balance:

<u>Purpose</u>	<u>Amount</u>
Administrative costs	\$ 320,000
Reserve for RTA/Convention Center matter (See NOTE 8)	931,684
Emergency cultural economy support	<u>500,000</u>
Total	<u>\$1,751,684</u>

Capital Assets

At December 31, 2020, net capital assets consisted of the following:

Capital Assets	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 76,406	\$ 76,406
Less accumulated depreciation	<u>(76,406)</u>	<u>(76,406)</u>
Net capital assets	<u>\$ -0-</u>	<u>\$ -0-</u>

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Economic Factors and Next Year's Budget

The mission of the **New Orleans Tourism and Cultural Fund** is to support cultural industries and culture bearers of the City of New Orleans through partnerships, grants, and programs to advance sustainable tourism.

Budget

As required by state law, the Board of Directors of **NOTCF** adopts the original budget of **NOTCF** prior to the commencement of the fiscal year to which the budget applies. **NOTCF** is permitted by state law to amend its budget anytime during the fiscal year prior to the end of fiscal year to which the budget applies.

Revenue Budgets

NOTCF's actual general fund revenues of \$2,479,708 were more than the final budget by \$520,708.

Expenditures Budgets

NOTCF's actual general fund expenditures of \$1,527,562 were more than final budgeted expenditures by \$206,229.

Contacting NOTCF Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of **NOTCF's** finances and demonstrate **NOTCF's** accountability for money it receives. If you have questions about this report or need additional information, contact the **New Orleans Tourism and Cultural Fund** at 2020 St. Charles Avenue, New Orleans, LA 70130.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents (NOTES 2(E) AND 3)	\$ 4,630,016
Occupancy privilege tax receivable	640,503
Investments (NOTE 3)	501,930
Total current assets	5,772,449
Noncurrent Assets:	
Capital assets (NOTE 5)	76,406
Less: accumulated depreciation (NOTE 5)	(76,406)
Total noncurrent assets	-
Total assets	5,772,449
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	763,794
Total current liabilities	763,794
<u>NET POSITION</u>	
Unrestricted	5,008,655
Total net position	\$ 5,008,655

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

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue and Change in Net Position</u>
FUNCTIONS/PROGRAMS			
Governmental activities:			
New Orleans Multicultural Tourism Network support	\$ 225,000	\$ -	\$ (225,000)
New Orleans Film Commission support	100,000	-	(100,000)
New Orleans Music Commission support	100,000	-	(100,000)
Major City event support	86,862	-	(86,862)
Other cultural economy support	500,000	-	(500,000)
Transition related expenses	248,083	-	(248,083)
Administrative	267,617	-	(267,617)
	<u>\$ 1,527,562</u>	<u>\$ -</u>	<u>(1,527,562)</u>
General Revenues:			
Occupancy privilege tax (net of collection fees) (NOTE 4)			2,453,174
Investment earnings			26,534
			<u>2,479,708</u>
			Change in net position 952,146
			Net position, beginning of year 4,056,509
			Net position, end of year <u>\$ 5,008,655</u>

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

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
BALANCE SHEET
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 4,630,016
Occupancy privilege tax receivable	640,503
Investments	<u>501,930</u>
Total assets	<u>\$ 5,772,449</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	<u>\$ 763,794</u>
Total liabilities	<u>763,794</u>

Fund Balance

Spendable:

Unassigned	3,256,971
Assigned (NOTE 9)	<u>1,751,684</u>
Total fund balance	<u>5,008,655</u>

Total liabilities and fund balance	<u>\$ 5,772,449</u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total fund balance - Governmental Fund - General Fund	<u>\$ 5,008,655</u>
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Net position of governmental activities	<u>\$ 5,008,655</u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE
IN FUND BALANCE-GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

Occupancy privilege tax (net of collection fees)	\$ 2,453,174
Investment earnings	<u>26,534</u>
 Total revenues	 <u>2,479,708</u>

EXPENDITURES

New Orleans Multicultural Tourism Network support	225,000
New Orleans Film Commission support	100,000
New Orleans Music Commission support	100,000
Major City event support	86,862
Other cultural economy support	500,000
Transition related expenses	248,083
Administrative	<u>267,617</u>
 Total expenditures	 <u>1,527,562</u>
 Net change in fund balance	 952,146
 Fund balance, beginning of year	 <u>4,056,509</u>
 Fund balance, end of year	 <u><u>\$ 5,008,655</u></u>

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

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Total net changes in fund balance - Governmental Fund - General Fund	<u>\$ 952,146</u>
Change in net position of governmental activities	<u>\$ 952,146</u>

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

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Operations:

New Orleans Tourism and Cultural Fund's (NOTCF) board of directors and the Council of the City of New Orleans voted in 2020 to change the name of the **New Orleans Tourism Marketing Corporation** to the **New Orleans Tourism and Cultural Fund (NOTCF)**. Under this name, NOTCF remains a nonprofit economic development corporation and its mission was amended to support the cultural economy of the City of New Orleans. The organization continued to receive the occupancy tax revenue but other forms of revenues previously received was removed from the annual budget.

NOTCF's mission is to support cultural industries and culture bearers of the City of New Orleans through partnerships, grants, and programs to advance sustainable tourism.

NOTE 2 - Summary of Significant Accounting Policies:

The accompanying financial statements conform to accounting principles in generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources. The more significant accounting policies are summarized in the following paragraphs.

A) Reporting Entity

NOTCF is a component unit of the City of New Orleans, the reporting entity, as defined by the Governmental Accounting Standards Board pronouncement. The accompanying financial statements present information only on the funds maintained by NOTCF and do not present information on the City of New Orleans, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

B) Funds

NOTCF uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain **NOTCF** functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of **NOTCF** is classified as governmental.

The governmental fund accounts for all of **NOTCF**'s general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental fund according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of **NOTCF**. The following is **NOTCF**'s governmental fund:

General Fund - the operating fund of **NOTCF** and it accounts for all financial resources.

C) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **NOTCF**.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Measurement Focus/Basis of Accounting, Continued

Government-Wide Financial Statements (GWFS), Continued

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of **NOTCF** governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of **NOTCF**. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of **NOTCF**.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Measurement Focus/Basis of Accounting, Continued

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and net change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about **NOTCF**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2020, the general fund is the only major fund of **NOTCF**.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. **NOTCF** considers all revenues available if they are collected within 60 days after the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Budgetary Data

NOTCF follows these procedures in establishing the budgetary data reflected in these financial statements:

1. NOTCF is required to prepare an annual budget and submit it to the Board of Directors.
2. Upon review and completion of all action necessary to finalize the budget, it is then adopted by the Board of Directors prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds from one program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Directors.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Board of Directors.
6. The budget of the City of New Orleans' appropriations must be approved by the City of New Orleans.

E) Cash and Cash Equivalents

Cash includes amounts in noninterest and interest-bearing demand deposits. Cash equivalents include amounts in interest-bearing time deposits. Under state law, NOTCF may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

F) Compensated Absences

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from NOTCF employment. NOTCF is not obligated to pay for unused sick leave if an employee terminates prior to retirement.

NOTCF accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental fund is maintained separately and represents a reconciling item between the fund and government-wide presentation.

G) Income Taxes

As a governmental entity, NOTCF is exempt from taxation under the Internal Revenue Code.

H) Receivables

Receivables primarily consist of outstanding occupancy privilege taxes. All receivables are shown net of an allowance for uncollectible accounts.

I) Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. NOTCF maintains a threshold level of \$5,000 or more for capitalizing capital assets.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Capital Assets, Continued

Capital assets are recorded in the GWFS, but are not reported in the FFS. Furniture and equipment are depreciated using the straight-line method over three (3) to five (5) years estimated useful lives.

J) Use of Estimates

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

K) Fund Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- o *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowing attributable to those assets.
- o *Restricted net position* - Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- o *Unrestricted net position* - All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

K) Fund Equity, Continued

When both restricted and unrestricted net positions are available for use, generally it is NOTCF's policy to use restricted resources first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- o *Nonspendable* - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- o *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- o *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by NOTCF through formal action of the highest level of decision making authority. Any changes or removal of specific purpose requires majority action by the governing board.
- o *Assigned* - Includes fund balance amounts that are constrained by NOTCF's intent to be used for specific purposes, but are neither restricted nor committed.
- o *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds that has not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is NOTCF's policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents

NOTCF had cash in demand deposit accounts totaling \$4,630,016 (book balances) at December 31, 2020.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. NOTCF maintains a noninterest-bearing and interest-bearing accounts at a local bank. At December 31, 2020, NOTCF deposits were fully secured from risk.

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, NOTCF would not be able to recover its deposits, investments, or collateral securities that are in the possession of an outside party. NOTCF's deposits are not subject to custodial credit risk.

Investments

As of December 31, 2020, NOTCF had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
U.S. Government Agencies	AA+	1 to 5 years	<u>\$501,930</u>

NOTCF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Cash and Cash Equivalents and Investments, Continued:

Investments, Continued

NOTCF has the following recurring fair value measurements as of December 31, 2020:

- o U.S. Government Agencies of \$501,930 are valued using quoted market prices (Level I Inputs).

Interest Rate Risk. **NOTCF** does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in LSA R.S. 33:2955. **NOTCF** does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, **NOTCF** will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. **NOTCF** does not have a formal investment policy that addresses custodial credit risk. As of December 31, 2020, **NOTCF** did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Source of Revenue of New Orleans Tourism and Cultural Fund:

The recurring major sources of revenue are hotel occupancy privilege tax, hotel tax, casino funding and other revenue as discussed below:

Hotel Occupancy Privilege Tax - The Hotel Occupancy Privilege Tax (effective November 1, 1990) is levied upon persons for the privilege of occupying hotel rooms within Orleans Parish in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing from three (3) to two hundred and ninety-nine (299) rooms and one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) or more rooms.

Every hotel operator subject to this tax shall make reports on the previous month's business on or before the twentieth day of the following month to the City of New Orleans.

The imposition and collection of the Hotel Occupancy Privilege Tax shall be repealed and discontinued upon the occurrence of any of the following:

- o The disposition or liquidation of **NOTCF**; or
- o The specific decertification of **NOTCF** as a nonprofit economic development corporation by the New Orleans City Council.

For the year ended December 31, 2020, **NOTCF** earned \$2,453,174 (net of collection fees) from the Hotel Occupancy Privilege Tax.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2020 are follows:

<u>Assets</u>	<u>January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2020</u>
Furniture and equipment	\$ 76,406	\$ -0-	\$ -0-	\$ 76,406
Accumulated depreciation	(76,406)	-0-	-0-	(76,406)
Net capital assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE 6 - Risk Management:

NOTCF is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets for which NOTCF carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 7 - Profit Sharing Plan:

All employees of NOTCF over twenty-one (21) years of age are eligible to participate in NOTCF's 401(k) Profit Sharing Plan after one (1) year of service. Participants are 100% vested in the profit share and matching accounts after one (1) year of service. NOTCF contributes 3% of defined compensation of all eligible employees. Retirement expense for the year ended December 31, 2020 was \$3,912.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - Contingency:

As provided by an agreement for services and a cooperative endeavor agreement between Regional Transit Authority (RTA) and NOTMC (NOTCF's predecessor), RTA would remit to NOTMC a portion of the general sales and use tax applied to hotels in Orleans Parish. According to the CEA, NOTMC would remit 50% of those receipts to the Convention Center.

By a letter dated February 12, 2019, the Regional Transit Authority (the "RTA") advised NOTCF that the RTA (1) believed the Agreement for Services and Cooperative Economic Endeavor by and between the Regional Transit Authority and the NOTMC was unconstitutional, (2) would cease any further payments to the Company pursuant to the Agreement and (3) requested a refund of prior payments. Shortly after NOTMC received the letter from the RTA, third and fourth quarter 2018 payments were issued to NOTMC by RTA. The amounts remitted reflected only the portion due to NOTMC.

In a letter dated August 9, 2019, the Convention Center requested payment from NOTCF of one-half of the RTA Hotel Tax payment received by NOTMC from the RTA with respect to the third and fourth quarter of 2018.

In April 2021, NOTCF advised the Convention Center and RTA, in writing, that NOTCF will continue to hold the RTA Payment in its operating account and will not spend the RTA Payment until the Convention Center and the RTA deliver joint written instructions to the NOTCF as to the disposition of the RTA Payment. NOTCF has assigned a portion of its fund balance as of December 31, 2020 to this matter totaling \$931,684 (see NOTE 9).

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - Assigned Fund Balance:

At December 31, 2020, assigned fund balance consisted of the following:

Administrative costs	\$ 320,000
Reserve for RTA/Convention Center matter (See NOTE 8)	931,684
Emergency cultural economy support	<u>500,000</u>
Total	<u>\$1,751,684</u>

NOTE 10 - COVID 19 Pandemic:

NOTCF's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on NOTCF's subsequent financial statements. Possible effects may include, but not limited to, disruption of NOTCF's operations and related revenue, unavailability of products and supplies used in operations and possible decline in assets held by NOTCF including property and equipment and marketable securities.

NOTE 11 - Subsequent Events:

NOTCF is required to evaluate events or transactions that may occur after the statement of net position date for potential recognition or disclosure in the financial statements. NOTCF performed such an evaluation through June 28, 2021, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of net position date requiring disclosure.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Occupancy privilege tax (net of collection fees)	\$ 5,684,606	\$ 1,950,000	\$ 2,453,174	\$ 503,174
Investment earnings	1,000	9,000	26,534	17,534
Total revenues	<u>5,685,606</u>	<u>1,959,000</u>	<u>2,479,708</u>	<u>520,708</u>
EXPENDITURES				
New Orleans Multicultural Tourism Network support	426,345	225,000	225,000	-
New Orleans Film Commission support	100,000	100,000	100,000	-
New Orleans Music Commission support	100,000	100,000	100,000	-
Major City event support	532,000	207,180	86,862	120,318
Other cultural economy support	450,000	650,000	500,000	150,000
Transition related expenses	-	250,550	248,083	2,467
Administrative	196,385	288,603	267,617	20,986
Diversity and inclusion	200,000	-	-	-
Total expenditures	<u>2,004,730</u>	<u>1,821,333</u>	<u>1,527,562</u>	<u>293,771</u>
Net change in fund balance	3,680,876	137,667	952,146	814,479
Fund balance, beginning of year	<u>4,056,509</u>	<u>4,056,509</u>	<u>4,056,509</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,737,385</u>	<u>\$ 4,194,176</u>	<u>\$ 5,008,655</u>	<u>\$ 814,479</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS TOURISM AND CULTURAL FUND
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE PRESIDENT & CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2020

President & Chief Executive Officer Name: Ms. Lisa Alexis

<u>Purpose</u>	<u>Amount</u>
Salary	\$-0-
Board approved incentive bonus	-0-
Benefits – insurance	-0-
Benefits – retirement	-0-
Benefits – worker’s comp	-0-
Benefits – life insurance	-0-
Benefits – Medicare	-0-
Benefits – Social Security	-0-
Benefits – unemployment comp	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See Independent Auditors’ Report on Supplementary Information.



Member
American Institute of
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Society of Louisiana
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Alcide J. Tervalon, Jr., CPA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
New Orleans Tourism and Cultural Fund
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, 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, the financial statements of the governmental activities and the major fund of **New Orleans Tourism and Cultural Fund (NOTCF)**, a component unit of the City of New Orleans, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise **NOTCF's** basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **NOTCF'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of **NOTCF's** internal control. Accordingly, we do not express an opinion on the effectiveness of **NOTCF's** internal control.

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

Internal Control Over Financial Reporting, Continued

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 NOTCF's 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*.

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

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.

This report is intended solely for the information and use of NOTCF's Board, management, the City of New Orleans and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 28, 2021

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I – SUMMARY AUDITORS' RESULTS

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **No.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **Not Applicable.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **Not Applicable.**
- G. Type of report issued on compliance for major programs: **Not Applicable.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Not Applicable.**
- I. Was a management letter issued? **No.**
- J. Identification of Major Programs: **Not Applicable.**
- K. Dollar threshold used to distinguish between Type A and Type B programs: **Not Applicable.**
- L. Auditee qualified as a "low-risk" auditee: **Not Applicable.**

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

**Section II - FINDINGS RELATING TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

No matters were reported.

**Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

Not applicable.

NEW ORLEANS TOURISM AND CULTURAL FUND
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I - Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No comments were reported.