NEW ORLEANS & COMPANY

Audits of Consolidated Financial Statements

December 31, 2019 and 2018

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
New Orleans & Company

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of New Orleans & Company and its subsidiary (the Company) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 September 16, 2020 on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
September 16, 2020

NEW ORLEANS & COMPANY
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 18,121,847**	$ 17,725,718
Accounts Receivable	**3,628,506**	2,648,355
Other Receivable, State of Louisiana	**2,805,456**	2,953,052
Other Receivable, Tourism Support Assessment	**1,998,697**	1,583,051
Inventory	**24,110**	18,192
Prepaid Expenses	**818,123**	1,635,180
Total Current Assets	**27,396,739**	26,563,548
Investments		
Marketable Securities at Fair Value	**18,496,992**	15,207,810
Property, Equipment, and Leasehold Improvements		
Land	**3,373,130**	3,373,130
Building and Improvements	**17,862,330**	13,342,669
Furniture and Fixtures	**818,674**	761,412
Equipment	**922,776**	869,784
Leasehold Improvements	**459,042**	459,042
Software	**179,480**	179,480
Total Property, Equipment, and Leasehold Improvements	**23,615,432**	18,985,517
Less: Accumulated Depreciation	**(6,615,815)**	(6,153,327)
Property, Equipment, and Leasehold Improvements, Net	**16,999,617**	12,832,190
Other Assets		
Intangible Asset - Internet Domain	**1,200,000**	1,200,000
Total Assets	**$ 64,093,348**	$ 55,803,548

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

NEW ORLEANS & COMPANY
Consolidated Statements of Financial Position (Continued)
December 31, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 2,368,547**	$ 2,737,925
Deferred Revenue	**32,212**	15,600
Promise to Give	**-**	315,000
Other Accrued Liabilities	**5,726,130**	5,522,653
Total Current Liabilities	**8,126,889**	8,591,178
Long-Term Liabilities		
Promise to Give	**1,383,305**	-
Long-Term Debt, Net of Debt Issuance Cost of $17,230 at 2019 and $19,710 at 2018	**3,183,056**	5,086
Total Long-Term Liabilities	**4,566,361**	5,086
Total Liabilities	**12,693,250**	8,596,264
Net Assets		
Without Donor Restrictions		
Designated by the Board	**12,151,232**	12,176,365
Undesignated	**39,248,866**	35,030,919
Total Net Assets	**51,400,098**	47,207,284
Total Liabilities and Net Assets	**$ 64,093,348**	$ 55,803,548

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

NEW ORLEANS & COMPANY
Consolidated Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Appropriations from Government Agencies	**$ 12,161,034**	$ 11,737,575
Tourism Support Assessment Revenue	**20,000,715**	20,304,465
Membership Dues	**1,672,359**	1,695,308
Hotel Occupancy Privilege Tax and Downtime Funding	**1,308,865**	1,302,080
Staffing Services Reimbursement	**511,692**	552,630
Louisiana Office of Tourism Support	**474,384**	520,530
Investment Return, Net	**2,655,816**	(1,560,070)
Disaster Relief Funding	**102,869**	4,863
Other Revenue	**572,752**	793,536
Industry Show Cost-Share Reimbursement	**127,432**	152,545
Net Assets Released from Restrictions	**-**	150,000
Total Revenue and Support Without Donor Restrictions	**39,587,918**	35,653,462
Expenses		
Program Services Expense	**30,603,619**	31,775,430
Supporting Services Expense	**4,791,485**	4,135,343
Total Expenses	**35,395,104**	35,910,773
Change in Net Assets Without Donor Restrictions	**4,192,814**	(257,311)
Change in Net Assets With Donor Restrictions		
Net Assets Released from Restrictions	**-**	(150,000)
Change Net Assets With Donor Restrictions	**-**	(150,000)
Change in Net Assets	**4,192,814**	(407,311)
Net Assets, Beginning of Year	**47,207,284**	47,614,595
Net Assets, End of Year	**$ 51,400,098**	$ 47,207,284

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

NEW ORLEANS & COMPANY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
External Commitments	$ 12,569,773	$ -	$ 12,569,773	$ -	$ 12,569,773
Salaries	-	6,554,505	6,554,505	1,885,205	8,439,710
Sales, Travel, and Promotion	-	2,378,683	2,378,683	-	2,378,683
Convention and Meeting Commitments	-	2,304,854	2,304,854	-	2,304,854
International Representation	-	2,242,131	2,242,131	-	2,242,131
Operational	-	-	-	1,565,929	1,565,929
Employee Benefits	-	746,007	746,007	378,660	1,124,667
Advertising	-	839,372	839,372	-	839,372
Public Relations and Local Advocacy	-	738,954	738,954	-	738,954
Client Service Initiatives	-	722,020	722,020	-	722,020
Payroll Taxes	-	448,853	448,853	127,536	576,389
Product Development and Sponsorships	468,842	-	468,842	-	468,842
Depreciation and Amortization	-	-	-	464,968	464,968
Research	-	259,248	259,248	-	259,248
Insurance	-	-	-	157,412	157,412
Governmental Relations	-	-	-	157,000	157,000
Photos and Videos	-	125,167	125,167	-	125,167
Postage	-	107,768	107,768	-	107,768
Rebranding	-	97,442	97,442	-	97,442
Interest	-	-	-	54,775	54,775
Total	$ 13,038,615	$ 17,565,004	$ 30,603,619	$ 4,791,485	$ 35,395,104

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

NEW ORLEANS & COMPANY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services	
	Support Initiative Programs	Other Programs	Total Programs	General and Administrative	Total Expenses
External Commitments	$ 15,159,428	$ -	$ 15,159,428	$ -	$ 15,159,428
Salaries	-	6,029,130	6,029,130	1,670,463	7,699,593
International Representation	-	2,650,204	2,650,204	-	2,650,204
Sales, Travel, and Promotion	-	2,213,449	2,213,449	-	2,213,449
Operational	-	-	-	1,485,347	1,485,347
Employee Benefits	-	752,821	752,821	231,457	984,278
Advertising	-	917,607	917,607	-	917,607
Public Relations and Local Advocacy	-	876,283	876,283	-	876,283
Convention and Meeting Commitments	-	868,256	868,256	-	868,256
Client Service Initiatives	-	545,320	545,320	-	545,320
Payroll Taxes	-	407,465	407,465	113,582	521,047
Rebranding	-	476,538	476,538	-	476,538
Product Development and Sponsorships	346,732	-	346,732	-	346,732
Depreciation and Amortization	-	-	-	341,552	341,552
Photos and Videos	-	217,580	217,580	-	217,580
Research	-	210,339	210,339	-	210,339
Governmental Relations	-	-	-	157,000	157,000
Insurance	-	-	-	135,942	135,942
Postage	-	104,278	104,278	-	104,278
Total	$ 15,506,160	$ 16,269,270	$ 31,775,430	$ 4,135,343	$ 35,910,773

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

NEW ORLEANS & COMPANY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	$ 4,192,814	$ (407,311)
Adjustments to Reconcile Changes in Net Assets		
to Net Cash Provided by Operating Activities		
Depreciation	462,488	339,072
Amortization of Debt Issuance Cost	2,480	2,480
Unrealized (Gain) Loss on Investment Securities	(2,023,595)	2,050,996
(Increase) Decrease in Assets		
Accounts and Other Receivable	(1,248,201)	(1,176,202)
Due from Investment Fund	-	20,225
Inventory	(5,918)	6,675
Prepaid Expenses	817,057	(1,094,059)
Increase (Decrease) in Liabilities		
Accounts Payable	(369,378)	1,187,219
Deferred Revenue	16,612	(36,211)
Promise to Give	1,068,305	(312,000)
Other Accrued Liabilities	203,477	2,052,514
Net Cash Provided by Operating Activities	3,116,141	2,633,398
Cash Flows from Investing Activities		
Proceeds from Sales of Investment Securities	19,050,270	4,434,453
Purchases of Investment Securities	(20,315,857)	(4,803,933)
Capitalization and Acquisition of Property	(4,629,915)	(3,172,448)
Net Cash Used in Investing Activities	(5,895,502)	(3,541,928)
Cash Flows from Financing Activities		
Proceeds from Long-Term Debt	3,175,490	-
Net Cash Provided by Financing Activities	3,175,490	-
Net Increase (Decrease) in Cash and Cash Equivalents	396,129	(908,530)
Cash and Cash Equivalents, Beginning of Year	17,725,718	18,634,248
Cash and Cash Equivalents, End of Year	$ 18,121,847	$ 17,725,718

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

Note 1. Nature of Activities

History and Organization

New Orleans & Company is a private, non-profit 501(c)(6) organization dedicated to promoting the Greater New Orleans area as a destination for trade shows, conventions, tour groups and individual travelers. During 1999, New Orleans & Company organized the Welcome Center Building, LLC, to purchase and manage the property at the location of its operating center. The center opened and began operating in June 2003. Since New Orleans & Company is the sole member of the Welcome Center Building, LLC, the entity is disregarded from its owner for income tax purposes.

New Orleans & Company, Inc., a Louisiana non-profit corporation, was formed on June 30, 2008. On September 16, 2014, New Orleans & Company, Inc. issued a share of its common stock, par value $0.01 per share, to New Orleans & Company. New Orleans & Company is the sole stockholder of New Orleans & Company, Inc. There has been no activity since New Orleans & Company, Inc.'s formation in 2008.

Support initiative programs consist primarily of external commitment payments to New Orleans Tourism Marketing Corporation, City of New Orleans, Risk Mitigation for British Airways, French Quarter Management District, Riverfront Development, Dick Clark Productions, Louisiana State Police, and Bayou Country. See Note 9 for further details.

Other program expenses are inclusive of Convention and Leisure Sales and Services, Communications and Public Relations and External Affairs. All programs exist to drive economic growth and support, sustain, evolve, and promote the unique culture of New Orleans for the benefit of our members, visitors, and residents.

Note 2. Summary of Significant Accounting Policies

Consolidation

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

Basis of Accounting

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation
Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations.*

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

Accounts Receivable
Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. As of December 31, 2019 and 2018, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory
Inventory consisting of maps and brochures is valued at the lower of cost (first-in, first-out method) or net realizable value.

Investments
The Company records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property, Equipment, and Leasehold Improvements
Property and equipment are stated at cost, net of allowance for accumulated depreciation. Additions, improvements, and betterments to property and equipment in excess of $500 which extends its useful life or increase its carrying value are capitalized.

Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books and any resulting gain or loss is credited to or charged against the current period's change in net assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Leasehold Improvements (Continued)

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Depreciation expense is $462,488 and $339,072 for the years ended December 31, 2019 and 2018, respectively. The estimated useful lives used in computing depreciation are as follows:

Buildings and Improvements	5 - 40 Years
Furniture, Fixtures, and Equipment	5 - 10 Years
Vehicle	5 Years
Software	5 Years

Valuation of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The Company recognized no impairment during the years ended December 31, 2019 or 2018.

Deferred Revenue

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

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Company pursuant to those stipulations. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As restrictions are met or until released in accordance with the Company's spending policy, assets are reclassified to net assets without donor restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue

The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as revenue and support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue and support with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then by department by head count. Expenses that are allocated include insurance, building maintenance, data processing, equipment, office supplies, and utilities.

Vacation and Sick Pay

All full time regular employees are eligible for five days annually of paid vacation after completion of sixty days of consecutive employment, ten days annually after one year of employment, fifteen days annually after five years of employment, twenty days annually after ten years of employment, and an additional day for each additional year of employment beginning with the sixteenth anniversary. Paid vacation hours are determined by employment anniversary date, adjusted by any leave of absence. All full-time employees are also eligible for up to twenty-five sick days accruing five hours per month after completion of an initial sixty-day introductory period. Vacation time unused at the end of the anniversary date is lost. Upon termination, unused vacation time is paid, and sick time is lost.

Non-Direct Response Advertising

The Company expenses advertising costs as incurred. Advertising expenses charged to operations totaled $2,158,003 and $2,436,982 in 2019 and 2018, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Company believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts recorded in the consolidated financial statements. Actual results may differ from these estimates due to information that becomes available subsequent to the issuance of the consolidated financial statements or other reasons.

Recent Accounting Pronouncements - Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in the year ended December 31, 2020, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

Note 3. Concentration of Credit Risk

The Company maintains cash in four commercial banks. The total amount by which cash on deposit in those banks exceeds the federally insured limits is $18,868,979 and $19,578,797 as of December 31, 2019 and 2018, respectively. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 4. Investments

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

	2019	2018
Common Stocks	**$ -**	$ 4,478,502
Real Estate Investment Trusts	**-**	1,307,010
Private Equity/Hedge Funds	**11,950**	1,196,151
Mutual Funds	**15,555,631**	6,241,551
Exchange Traded Funds	**2,929,411**	1,984,596
Total Investments	**$ 18,496,992**	$ 15,207,810

Note 5. Intangible Asset - Internet Domain

On May 2, 2014, the Company purchased ownership of, and all rights related to, the domain names, the websites, and related rights of NewOrleans.com for a purchase price of $1,200,000. This purchase was capitalized as an intangible asset not subject to amortization due to the indefinite life of the asset. On an annual basis, the Company will test the asset for impairment. There has been no impairment loss recorded as of December 31, 2019 and 2018.

Note 6. Debt

On March 16, 2017, the Company signed a non-revolving line of credit with a bank for $7,000,000 with an interest rate of 3.75%. The note has an initial draw down period requiring interest only payments.

Commencing September 16, 2018, the note converts to an amortizing loan based on a 25 year period with principal and interest payments due monthly until March 16, 2027 at that time all unpaid principal and interest are due. The note is secured by the Welcome Center Building. As of December 31, 2019 and 2018, there was $3,183,056 and $5,086 outstanding balance under this note payable, respectively.

Note 6. Debt (Continued)

In June 2020, the Company entered into a debt restructuring agreement with their bank in order to restructure their mortgage notes payable. The Company restructured their note payable into two notes payable. The first note has a principal balance of up to $6,000,000 with advances under the loan being made during the first six month period ending on December 30, 2020. This loan is secured by a $6,000,000 certificate of deposit and the interest rate is equal to the certificate of deposit rate plus 1.5%. Interest only payments are required throughout the life of the loan with outstanding principal plus any accrued unpaid interest due at June 30, 2025. The second note has a principal balance of up to $2,800,000 with advances under the loan being made during the first eighteen month period ending on December 30, 2021. This loan is secured by buildings and equipment of the Company. The interest rate is 3.75%. Interest only payments are required throughout the life of the loan with outstanding principal plus any accrued unpaid interest due at June 30, 2025.

In 2017, the Company adopted FASB ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires debt issuance costs to be presented as a direct deduction from the carrying amount of the debt liability, rather than an asset. For the years ended December 31, 2019 and 2018 there was $2,480 of amortization expense reported in the accompanying consolidated statement of activities.

Note 7. Fair Value Measurements

The Company follows the *Fair Value Measurement* Topic of the FASB ASC 820 which establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value establishes a framework for measuring fair value and expands disclosures about such fair value measurements.

The *Fair Value Measurement* Topic establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities earned at fair value be classified and disclosed in one of the following three categories:

Level 1 Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 Inputs are based upon quoted process for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Note 7. Fair Value Measurements (Continued)

Level 3 Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

Recurring Fair Value Measurements
The fair value of assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Company has elected the fair value option, are estimated as described in the preceding section.

These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Common Stocks				
Private Equity/Hedge Funds				
Measured at Net Asset Value [(a)]	$ -	$ -	$ -	$ 11,950
Exchange Traded Funds	2,929,411	-	-	2,929,411
Mutual Funds				
Large Blend	7,479,229	-	-	7,479,229
Foreign Large Blend	1,656,809	-	-	1,656,809
Market Neutral	177,280	-	-	177,280
Multialternative	557,668	-	-	557,668
Long-Short Equity	182,307	-	-	182,307
Ultrashort Bond	356,365	-	-	356,365
Short-Term Bond	357,078	-	-	357,078
Intermediate Core-Plus Bond	353,748	-	-	353,748
Corporate Bond	358,950	-	-	358,950
Multisector Bond	179,584	-	-	179,584
Intermediate Core Bond	1,300,031	-	-	1,300,031
World Bond-USD Hedged	2,596,582	-	-	2,596,582
Total Mutual Funds	15,555,631	-	-	15,555,631
Total Investments at Fair Value	$ 18,485,042	$ -	$ -	$ 18,496,992

(a) In accordance with Subtopic 820-10, certain investment that are measured at fair value using the net asset value per share or its equivalent practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Common Stocks				
Basic Materials	$ 594,825	$ -	$ -	$ 594,825
Consumer Goods	1,015,997	-	-	1,015,997
Financial	421,171	-	-	421,171
Healthcare	499,705	-	-	499,705
Industrial Goods	280,265	-	-	280,265
Information Technology	1,014,525	-	-	1,014,525
Business Services	286,751	-	-	286,751
Utilities	365,263	-	-	365,263
Total Common Stocks	4,478,502	-	-	4,478,502
Real Estate Investment Trusts	1,307,010	-	-	1,307,010
Private Equity/Hedge Funds				
Measured at Net Asset Value [(a)]	-	-	-	1,196,151
Exchange Traded Fund	1,984,596	-	-	1,984,596
Mutual Funds				
Natural Resources	284,415	-	-	284,415
Emerging Markets Bond	420,904	-	-	420,904
Multialternative	1,010,595	-	-	1,010,595
Multi Strategy	1,050,929	-	-	1,050,929
Intermediate Term Bond	3,474,708	-	-	3,474,708
Total Mutual Funds	6,241,551	-	-	6,241,551
Total Investments at Fair Value	$ 14,011,659	$ -	$ -	$ 15,207,810

(a) In accordance with Subtopic 820-10, certain investment that are measured at fair value using the net asset value per share or its equivalent practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Note 7. Fair Value Measurements (Continued)

Recurring Fair Value Measurements (Continued)

The Company's investments at December 31, 2019 and 2018, that feature net asset value (NAV) per share are as follows:

2019	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity (Fund of Funds) [(a)]	$ 11,950	1	9 Years	$ 413,050	Fund Liquidation	At the direction of the GP at liquidation of the fund.	Yes
Total	$ 11,950			$ 413,050			

(a) This fund seeks to provided aggregate long-term compound returns in excess of those available form a portfolio of conventional investments in the public equity markets by making investments primarily in underlying funds that provide exposure to different managers, sectors, geographic regions, and investment strategies.

2018	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity (Limited Partnership) [(a)]	$ 1,196,151	1	N/A	$ -	Monthly	May request redemption at a minimum of five buisness days prior to the end of the month.	N/A
Total	$ 1,196,151			$ -			

(a) The purpose of the partnership is to invest its capital in such a manner as to achieve favorable returns through investment primarily in a diversified portfolio of equity securities of small capitalization companies. It seeks long-term capital appreciation by owning small capitalization stocks identified through fundamental research and considered mispriced relative to their intrinsic value.

Note 8. Tourism Support Assessment Revenue

The Tourism Support Assessment became effective on April 1, 2014. The Tourism Support Assessment is an assessment by the Company on its member hotels within an Assessment Area. The assessment is 1.75% of daily room charges for occupancy and applies only to those room charges that are subject to the state authorized hotel and motel taxes. The assessment, as adopted by the board of directors of the Company, reads as follows: On or before the 20th day of each month, each hotel member shall remit to the Company or its designated agent an amount equal to 1.75% of those room charges for occupancy of its hotel rooms in the Assessment Area in the preceding month that are subject to state authorized hotel and motel taxes.

Note 8. Tourism Support Assessment Revenue (Continued)

Net proceeds of the assessment (after payment or provision for payment of program expenses) are disbursed to the Company, New Orleans Tourism and Marketing Corporation (NOTMC) and the City of New Orleans monthly as follows: (i) .75% of the 1.75% assessment to the Company for leisure tourism and convention sales marketing and communications and public relations, (ii) .75% of the 1.75% assessment to the NOTMC for leisure tourism marketing and (iii) .25% of the 1.75% assessment to the City of New Orleans for enhancement of the French Quarter and its immediately surrounding area.

On March 9, 2015, the Company entered into a cooperative endeavor agreement with the City of New Orleans and the French Quarter Management District (FQMD). In this agreement it was noted that the Company would reduce the disbursements to the City of New Orleans and remit to the FQMD an amount not to exceed $50,000 per month until May 31, 2015 and not to exceed $75,000 per month thereafter. Beginning from June 2017, the Company remits to the FQMD amount not to exceed $100,000.

Tourism support assessment revenue totaled $20,000,715 and $20,304,465 for the years ended December 31, 2019 and 2018, respectively.

Note 9. External Commitments

External commitments in the statement of functional expenses consist of the following for the years ending December 31, 2019 and 2018:

	2019	2018
New Orleans Tourism Marketing Corporation Disbursements	**$ 8,481,773**	$ 8,626,841
City of New Orleans Disbursements	**25,000**	1,674,254
Risk Mitigation - British Airways	**983,000**	1,208,333
French Quarter Management District Disbursements	**1,200,000**	1,200,000
Riverfront Development	**1,000,000**	1,000,000
Dick Clark Productions	**300,000**	550,000
Louisiana State Police Funding	**500,000**	500,000
Bayou Country	**-**	275,000
Other	**80,000**	125,000
Total	**$ 12,569,773**	$ 15,159,428

Note 10. Net Assets

Board-designated, net assets without donor restrictions are designated to support the following as of December 31st:

	2019	2018
Hotel Occupancy Privilege Tax	$ 1,677,290	$ 1,616,509
Future Commitments	10,473,942	10,559,856
Total	**$ 12,151,232**	$ 12,176,365

The following is the future commitments of net assets by year as of December 31, 2019:

2020	$ 1,760,076
2021	822,265
2022	2,461,373
2023	1,137,089
2024	1,928,871
Thereafter	2,364,268
Total	$ 10,473,942

Net assets with donor restrictions consisted of Promotional Fund Grant of $150,000 awarded by the BP Settlement Trust for print and digital media campaign to promote tourism to New Orleans during the period of November 1, 2017 to July 31, 2018. The stipulated purpose for which the resource was restricted has been fulfilled and funds were released from restrictions in 2018.

Note 11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets Available, at December 31, 2019	
Cash and Cash Equivalents	$ 18,121,847
Accounts Receivable	3,628,506
Other Receivable, State of Louisiana	2,805,456
Other Receivable, Tourism Support Assessment	1,998,697
Investments in Marketable Securities	18,496,992
Total Available Financial Assets	45,051,498
Less: Those Unavailable for General Expenditures Within One Year	
Board Designated Assets as Disclosed in Note 9	(12,151,232)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	**$ 32,900,266**

As part of its liquidity management plan, the Company invests cash in excess of daily requirements in short-term investments and money market funds.

Note 12. Hotel Tax Statutory Dedication

The Company has arrangements with the state of Louisiana (the State) to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 2 of the 2018 Second Extraordinary Legislative Session provides for an annual appropriation of up to $11,200,000 based on the State's fiscal year end June 30, 2019. Act 2 of the 2018 Regular Session was amended to provide an additional $978,158, increasing the total annual appropriation of up to $12,178,158 based on the State's fiscal year end June 30, 2019. Act 10 of the 2019 Regular Legislative Session provides for an annual appropriation of up to $11,200,000 based on the State's fiscal year end June 30, 2020. The actual appropriation recorded for the calendar years ended December 31, 2019 and 2018, by the Company was $12,161,034 and $11,737,575, respectively.

Note 13. Defined Contribution Plan

The Company offers full-time employees who have completed sixty days of continuous service participation in its 401(k) plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions up to 100% on the first 5% of employee contributions. The employees are 100% vested after completion of two years of service. Matching contributions for the years ended December 31, 2019 and 2018 were $271,574 and $256,785, respectively.

During the year ended December 31, 2019 the Company offered the president and CEO a participation in Executive 457(f) plan. The plan provides for employer contributions equal to participant's gross annual bonus received. Contribution for the years ended December 31, 2019 and 2018 were $118,626 and $114,390, respectively.

Note 14. Donated Services (Unaudited)

The Company has received a significant amount of non-professional donated services from various businesses in and around Greater New Orleans. These services were used in programs designed to promote the local tourism market. Management estimates that approximately $475,967 and $537,207 of donated services were received in 2019 and 2018, respectively. However, these services do not meet all of the applicable requirements of ASC 958, *Not-for-Profit Entities*; therefore, no amounts have been reflected in the consolidated financial statements for these donated services.

Note 15. Commitments and Contingencies

Operating Leases

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

2020	$	44,625
2021		33,836
2022		15,740
2023		9,812
Total	$	104,013

Rent expense in 2019 and 2018 totaled $51,856 and $54,914, respectively.

Note 15. Commitments and Contingencies (Continued)

Other Commitments and Contingencies

On September 27, 2016, the Company entered into an agreement with Dick Clark Productions, Inc. in order to participate in Dick Clark's New Year's Rockin' Eve for New Year's Eve 2016/17, 2017/18, and 2018/19 programming. The Company agreed to provide the producer $950,000 for the 2016/17 program and $400,000 for both the 2017/18 and 2018/19 programs. The agreement was amended for the 2019/20 program to provide the producer $491,666.50. The Company also entered into an agreement with the Louisiana Department of Culture, Recreation and Tourism, Office of Tourism to receive reimbursement totaling $700,000 for the 2016/17 program, $150,000 for both the 2017/18 and 2018/19 programs, and $191,667 for the 2019/20 program. The Company recorded a net expense of $300,000 and $550,000 after reimbursements in the consolidated statement of activities for the years ended December 31, 2019 and 2018, respectively.

On February 14, 2017, the Company entered into an agreement with Festival Productions BCM, LLC in order to participate in Bayou Country Superfest in New Orleans during the Memorial Day weekend in 2018. The Company agreed to pay rights fees in the amount of $275,000 in 2018. The Company recorded an expense of $275,000 in the consolidated statement of activities for the year ended December 31, 2018. This agreement was not renewed for 2019 and as such there was no expenses recorded during the year ended December 31, 2019.

Note 16. Promise to Give

During the year ended December 31, 2019, the Company entered into an event support agreement with the Essence Festival for a period of five years. At December 31, 2019 and 2018, included in current liabilities is $-0- and $315,000 respectively, and in long-term liabilities is $1,383,305 and $-0-, respectively, due for this event within five years.

Note 17. Cooperative Endeavor Agreements

During 2018, the Company operated four international offices in the United Kingdom, Germany, France, and China, as well as in "targeted international markets" also referred as "emerging markets" on behalf of the state of Louisiana to promote tourism. The "emerging markets" funding supports tourism promotions in Mexico, Brazil, the Netherlands, Scandinavia, Australia, and Japan. The Louisiana Office of Tourism reimburses the Company for 60-65% of the cost of marketing and operations at these foreign offices with a maximum reimbursement of $525,000, which decreased to $524,384 annually beginning July 1, 2018. Included in Louisiana Office of Tourism support on the consolidated statements of activities is $474,384 and $520,530 for the years ended December 31, 2019 and 2018, respectively, related to this funding.

Note 17. Cooperative Endeavor Agreements (Continued)

On September 4, 2015, there was a cooperative endeavor agreement entered into by the City of New Orleans, the Company, and the New Orleans Ernest N. Morial Convention Center. The Company in conjunction with other tourism partners at the New Orleans Tourism and Marketing Corporation and New Orleans Ernest N. Morial Convention Center will provide funds that will assist in the ongoing placement of a full-time State Police presence in and around the French Quarter. During the years ended December 31, 2019 and 2018, the Company incurred expenses of $500,000 under this agreement. This is a five-year commitment and the same funding will occur each year until 2020.

On March 27, 2017, the Company entered into a commercial agreement with an international airline in order to launch and develop a new flight route. In order to mitigate the financial risks inherent in starting new routes and specifically to support the route's revenue performance, the Company agreed to provide a risk mitigation guarantee should the route not achieve its targets. The agreement is in effect until 2019. The Company signed cooperative endeavor agreements with Louisiana Department of Economic Development, City of New Orleans, Jefferson Parish, Ernest N. Morial Convention Center, and Louisiana Office of Tourism to mitigate the risk associated with the guarantee. The Company recorded a net expense of $983,000 and $750,000 after reimbursements in the consolidated statement of activities under this agreement for the years ended December 31, 2019 and 2018, respectively. Under this agreement, the Company also provides marketing funds of $1,000,000 per year, over the three-year agreement. During the years ended December 31, 2019 and 2018 the Company incurred promotion expenses of $843,268 and $1,000,000, respectively, under this agreement. As of December 31, 2019 and 2018 there was $3,000,000 included in other payables for this agreement.

On November 22, 2017, the Company entered into a cooperative endeavor agreement with the Ernest N. Morial New Orleans Exhibition Hall Authority, the Board of Commissioners for the Port of New Orleans, and the Audubon Commission for cooperative funding for development of the Governor Nicholls and Esplanade Wharves and Riperian Land (the Wharves). Under this agreement, the Company will provide $2 million during the years of 2018 and 2019 to support Audubon Commission's efforts to plan, build, and operate the Wharves for the use and benefit of both residents and tourists as a park and recreation area. During the year ended December 31, 2018 the Company transferred $2,000,000 of funds to the designated escrow account, of which $1,000,000 was recognized and recorded as promotion expense included in the consolidated statements of functional expenses, and $1,000,000 was recorded as prepaid expenses in the consolidated statement of net position. During the year ended December 31, 2019 the $1,000,000 in prepaid expenses was recorded as expense in the consolidated statements of functional expenses.

Note 18. Subsequent Events

Management has evaluated subsequent events through, September 10, 2020, the date which the consolidated financial statements were available to be issued and determined that the following events require disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, to date, the Company has experienced a significant decrease in tourism support assessment revenue due to decreased occupancy in hotels. Additionally, it is reasonably possible that estimates made in the consolidated financial statements could be impacted in the near-term as a result of these conditions.

As discussed in Note 6 the Company restructured its long term debt with their lender.

No further subsequent events occurring after September 16, 2020 have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

NEW ORLEANS & COMPANY
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Louisiana Revised Statute (R.S) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
J. Stephen Perry, President/CEO

Purpose	Amount
Salary	$0
Bonus	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

*All compensation and expenses for the Agency Head are paid for with funding provided by the private sector.

See independent auditor's report.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
New Orleans & Company

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the New Orleans & Company and its subsidiary (the Company) which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Company's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
September 16, 2020

NEW ORLEANS & COMPANY
Schedule of Findings and Responses

For the Year Ended December 31, 2019

Part I - Summary of Auditor's Results

Financial Statements

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified?	None
3.	Noncompliance material to the financial statements noted?	No

Federal Awards - Not applicable

Part II - Financial Statement Findings

None noted.

NEW ORLEANS & COMPANY
Schedule of Prior Audit Findings

For the Year Ended December 31, 2019

None noted.