

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2019**

**CASCIO & SCHMIDT, LLC  
Certified Public Accountants**

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

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# CASCIO & SCHMIDT, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
New Orleans BioInnovation Center, Inc. and Subsidiary

#### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### **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 controls 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 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 of 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Orleans BioInnovation Center, Inc. and Subsidiary as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis-of-Matter

As discussed in Note B to the financial statements, the Corporation's operations resulted in recurring decreases in net assets. Management's evaluation of the events and conditions, and management's plans to mitigate these matters are also described in Note B. Our opinion is not modified with respect to this matter.

## Other Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents, on pages 15 through 19, is presented for purposes of additional analysis and is not a required part of the basic 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 taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of New Orleans BioInnovation Center, Inc. and Subsidiary's internal control over financial reporting and 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 New Orleans BioInnovation Center, Inc. and Subsidiary's internal control over financial reporting and compliance.



Metairie, Louisiana  
November 6, 2020

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

**CURRENT ASSETS**

Cash,	\$ 117,865	
Accounts receivable, less allowance for doubtful accounts of \$9,000 (Note A6)	169,475	
Prepaid expenses	54,130	
Other	<u>1,406</u>	
Total current assets		\$ 342,876

**NON - CURRENT ASSETS**

Notes receivable, less allowance for possible loan losses of \$255,262 (Notes A7 and A8)	468,154	
Investments (Notes A9 and D)	-	
Property and equipment, net (Notes A10 and E)	37,432,890	
Utility deposits	<u>126,500</u>	
		<u>38,027,544</u>
Total assets		<u>\$ 38,370,420</u>

**CURRENT LIABILITIES**

Accounts payable	\$ 69,670	
Deferred revenue (Note F)	<u>225,000</u>	
Total current liabilities		\$ 294,670

**NON - CURRENT LIABILITIES**

Rental deposits		<u>68,060</u>
Total liabilities		362,730

**COMMITMENTS (Note G)**

- -

**NET ASSETS (Notes A3 and A4)**

Unrestricted	580,049	
Temporarily restricted	<u>37,427,641</u>	
Total net assets		<u>38,007,690</u>
Total liabilities and net assets		<u>\$ 38,370,420</u>

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2019</u>
<b>REVENUE</b>			
Grant appropriations	\$ -	\$ 357,667	\$ 357,667
Public support	181,973	-	181,973
Rental income	731,387	-	731,387
Other	31,799	-	31,799
Net assets released from restrictions	<u>1,390,324</u>	<u>(1,390,324)</u>	<u>-</u>
Total Revenue	<u>2,335,483</u>	<u>(1,032,657)</u>	<u>1,302,826</u>
<b>EXPENSES</b>			
Salaries and related benefits	933,532	-	933,532
Contract labor	2,775	-	2,775
Contract outside services	170,333	-	170,333
Professional services	42,036	-	42,036
Supplies	19,129	-	19,129
Telecommunications	43,889	-	43,889
Printing & copying	6,295	-	6,295
Rent	17,315	-	17,315
Utilities	250,680	-	250,680
Equipment rental & maintenance	36,799	-	36,799
Travel & meeting expenses	47,462	-	47,462
Facilities & equipment expense	133,355	-	133,355
Depreciation	1,136,647	-	1,136,647
Insurance	131,390	-	131,390
Membership dues	8,879	-	8,879
Outside computer services	29,151	-	29,151
Marketing expense	3,353	-	3,353
Bio-excellence awards	27,500	-	27,500
Bad debts	103,562	-	103,562
Loss on investments	141,917	-	141,917
Other costs	<u>5,492</u>	<u>-</u>	<u>5,492</u>
Total Expenses	<u>3,291,491</u>	<u>-</u>	<u>3,291,491</u>
Change in net assets from operations	( 956,008)	( 1,032,657)	(1,988,665)
Miscellaneous receipts (Note C)	<u>1,458,114</u>	<u>-</u>	<u>1,458,114</u>
Increase (Decrease) in Net Assets	502,106	( 1,032,657)	( 530,551)
Net assets, beginning of year	<u>77,943</u>	<u>38,460,298</u>	<u>38,538,241</u>
Net assets, end of year	<u>\$ 580,049</u>	<u>\$ 37,427,641</u>	<u>\$ 38,007,690</u>

The accompanying notes are an integral part of this statement.

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2019**

**Cash flows from operating activities:**

Change in net assets \$ ( 530,551)

Adjustments to reconcile change in net assets to net  
cash used in operating activities:

Depreciation and amortization	1,136,647	
Changes in assets and liabilities:		
Increase in receivables	( 78,750)	
Increase in accounts payable	13,977	
Decrease in deposits and prepaid expenses	64,472	
Decrease in deferred revenue	(1,233,115)	
Increase in rental deposits	( 25)	
Other	( 1,406)	
Total adjustments		( 98,200)

Net cash used in operating activities ( 628,751)

**Cash flows from investing activities:**

Acquisition of investments	( 136,427)	
Valuation reserve on investments	136,427	
Acquisition of property and equipment	( 109,239)	

Net cash used in investing activities ( 109,239)

Net decrease in cash and cash equivalents ( 737,990)

Cash and cash equivalents, beginning of year 855,855

Cash and cash equivalents, end of year \$ 117,865

Supplemental Non-cash Investing and Financing Activities: \$ -

The accompanying notes are an integral part of this statement.

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**1. Principles of Consolidation**

The consolidated financial statements include the accounts of New Orleans BioInnovation Center, Inc. and its wholly-owned subsidiary New Orleans BioFunding, LLC. , a for-profit corporation. All inter-company accounts and transactions have been eliminated.

On November 20, 2018, a for profit entity was formed as a subsidiary to be the applicant for a federal grant. The grant was not obtained, accordingly the only transaction was to open a bank account for \$1,000. This entity is not included in the consolidated financial statements.

**2. Nature of Activities**

The New Orleans BioInnovation Center, Inc. (the "Corporation") is a business incubator, with the primary purpose of creating and supporting jobs, primarily in the bioscience and environmental science areas. This mission is supported by leasing office and wet-lab space and providing free or low-cost business services to local life science start-up companies. The Corporation also periodically holds public business coaching seminars/workshops provided by members of the business community. In addition, the Corporation supplies capital to emerging companies in the Greater New Orleans area in the form of loans and equity investments. The Corporation's activities are intended to foster economic development through the creation of new jobs, diversification of the local economy, and revitalization of an economically depressed area of the City of New Orleans. It is located in its 66,000 square foot facility located at 1441 Canal Street in downtown New Orleans.

The Corporation may also develop and manage other properties within the bio-medical corridor.

The Corporation is a private, non-profit entity that shall not be deemed to be a public or quasi-public corporation or an administrative unit, public servant, employee or agent of any institution of higher education for any purpose whatsoever, because the Corporation is organized and shall be operated for the principal purpose of supporting one or more programs, facilities or research or educational opportunities offered by Louisiana State University Health Sciences Center, Tulane University Health Sciences Center, Xavier University, the University of New Orleans, and the community at large.

The New Orleans BioInnovation Center, Inc. is organized and constituted as a nonprofit corporation exempt from income taxation under and in accordance with the provisions of Section 501 ( c )(3) of the Internal Revenue Code and the Nonprofit Corporation Law of the State of Louisiana, La.Rev.Stat. 12:201-269. New Orleans BioInnovation Center has entered into a Cooperative Endeavor Agreement with the State of Louisiana through its Division of Administration/Office of Community Development to receive loan funds in order to provide loans and equity investments in an attempt to encourage private and philanthropic investments,



**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

**2. Nature of Activities - continued**

diversify the economy, and extend opportunities to community-based start-up and early stage and innovative businesses. A wholly owned subsidiary, New Orleans BioFunding, LLC., was formed to originate and service the loan and equity portfolio.

**3. Financial Statement Presentation**

The Corporation's consolidated financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the Corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets for the year ended June 30, 2019.

**4. Revenue Recognition**

For financial reporting, the Corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Grant, contract and rental revenue is recognized as earned in accordance with approved contracts and leases.

**5. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

**6. Accounts Receivable**

The corporation considers accounts receivable to be fully collectible. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**7. Notes Receivable**

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on Phase 1 loans range from 5.25% to 7.25%, and interest on Phase 2 loans are at WSJ Prime, plus 100 to 225 basis points.

Loans are provided as explained in Note A-2, in accordance with the provisions of the Cooperative Endeavor Agreement.

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

**7. Notes Receivable - Continued**

Management reviews the loan portfolio to determine the existence of and extent to which there is any doubt regarding collectibility.

**8. Provision and Allowance for Loan Losses**

The financial statements are prepared in accordance with FASB ASC 310. The allowance for possible loan losses is maintained to provide for possible losses inherent in the loan portfolio. Management determines the appropriate level of reserve to be maintained based on an analysis of the portfolio and evaluation of economic factors. Such factors as loan growth, the future collectibility of loans and the amounts and timing of future cash flows expected to be received on impaired loans are uncertain, therefore the level of future provisions generally cannot be predicted.

The allowance for possible loan losses at June 30, 2019 was \$255,262.

**9. Investments**

Investments are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 958-320, Investments-Debt and Equity Securities. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Dividends, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

**10. Property and Equipment**

New Orleans BioInnovation Center, Inc. and Subsidiary capitalize, at cost, all furniture and equipment in excess of \$5,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method.

**11. Estimates**

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

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

**12. Fair Values of Financial Instruments**

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**13. Subsequent Events**

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (November 6, 2020).

**14. Recently Issued Accounting Standards**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)- Presentation of Financial Statements of Not-for Profit Entities*. Under the ASU, the number of net classes are decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017.

In February, 2016 the FASB issued ASU No, 2016-02, *Leases*. This accounting standard requires leases to recognize assets and liabilities related to lease arrangements longer than 12 months on the financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

In June, 2018, the FASB issued ASU No, 2019-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective annual period beginning after December 15, 2018.

**NOTE B - GOING CONCERN**

As shown in the accompanying financial statements, the operations of New Orleans BioInnovation Center, Inc. and Subsidiary (NOBIC), resulted in a decrease in net assets from operations of \$1,988,665. The Miscellaneous Receipts of \$1,458,114 from the terminated loan program reduced that decrease, and resulted in a decrease in net assets of \$530,551 for the year ended June 30, 2019. There was also a substantial decrease in the previous year. That factor creates an uncertainty about

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE B - GOING CONCERN - Continued**

NOBIC's ability to continue as a going concern. The following is a summary of events that will be in place for the year ending June 30, 2021:

- NOBIC's management has executed and implemented a Management Services Agreement with Tulane University to provide support which includes the following areas: (i) building operations and maintenance, (ii) property management and leasing, (iii) financial, accounting and bookkeeping services and (iv) other areas. The agreement includes the engagement of a full-service, commercial real estate company. The services under this 5 year agreement are at no cost to NOBIC.
- NOBIC's management has partnered with a commercial real estate company and in just a short period of time NOBIC has secured three large anchor tenants for the facility. Restructuring of the business office has greatly improved financial recordkeeping, which along with the other elements mentioned here, should result in positive cash flows for the year ending June 30, 2021. This is a significant start to ensuring a long-term sustainable business model.
- The Louisiana Department of Economic Development has provided NOBIC's management with a Cooperative Endeavor Agreement with requirements that will be completed on December 31, 2020, and will result in a substantial influx of resources to NOBIC for the year ending June 30, 2021. Management's understanding is that this Cooperative Endeavor Agreement will be renewed, with a new agreement beginning January 1, 2021.
- For the year ending June 30, 2021 and beyond, NOBIC has recently added additional support from several agencies to support current operations, as well as to expand the scope of its mission. These include grants and partnerships from the EDA, BARDA, and the DRA. Additionally, with Board of Directors support, NOBIC expects to increase private fundraising.

**NOTE C - LOAN PROGRAM TERMINATION**

New Orleans Bio funding, LLC was formed to originate and service loans to community-based start-up and early stage and innovative businesses. Funds were provided by the Louisiana Office of Community Development Disaster Recovery Unit.

All of the receipts from the lending activity was required to be credited to an account named "Miscellaneous Receipts", a deferred revenue account, except for a very small percentage allowed for managing the loan program. On July 23, 2018, the Louisiana Office of Community Development notified New Orleans BioFunding, LLC that the loan program was terminated as of March 16, 2018. The \$1,458,114 is the remaining balance in the Miscellaneous Receipts account when the loan program was terminated.

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE D - INVESTMENTS**

As of June 30, 2019, New Orleans BioFunding, LLC., the Subsidiary, has acquired investments consisting of preferred stock and convertible instruments, as follows:

Convertible promissory note	\$ 56,394
Security agreement for future equity	104,808
Preferred stock	<u>345,626</u>
Total	<u>\$ 506,828</u>

Generally accepted accounting principles require that investments be presented at fair value. The investments are with companies in the initial stage of development, and show the promise of growth in the local area. The companies are also working with the universities in New Orleans using university based technology to develop viable products. The fair value of the investments in these companies are considered to be zero at June 30, 2019.

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2019:

Building	\$ 45,247,408
Furniture and equipment	<u>1,623,761</u>
	46,871,169
Less accumulated depreciation	<u>9,438,279</u>
	<u>\$ 37,432,890</u>

The building is on land leased from Louisiana State University, which has a reversionary interest in the building. See Note G.

Depreciation expense for the year amounted to \$1,136,647.

**NOTE F - DEFERRED REVENUE**

Deferred revenue consists of prepaid tenant rent. \$ 225,000

**NOTE G- LEASE AGREEMENT**

Louisiana State University (LSU) owns the land located at 1441 Canal Street, New Orleans. New Orleans BioInnovation Center, Inc.(NOBIC) entered into a lease agreement with LSU December 13, 2002 for a primary term of 20 years and options to renew the lease for two 10 year periods. Rental payments stated in the First Lease Amendment dated April 11, 2017, provides for \$800 a month commencing upon substantial completion of construction and acceptance for occupancy by NOBIC. The rental rates for renewal option periods provided for by the Renovation Lease shall be calculated

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE G- LEASE AGREEMENT - Continued**

by first determining the value of the land as follows: capitalizing the net operating income for the project for the year preceding the exercise of the option at ten percent, and attributing twenty percent of the value so derived to the land; and, second, applying, ten percent of the land value so determined as the annual rent for the renewal period. Louisiana State University has a reversionary interest in the building.

Rental expense for the year ended June 30, 2019 totaled \$17,315, which includes \$9,600 under the above lease agreement.

**NOTE H - TENANT LEASES**

The Corporation leases office and laboratory facilities to tenants under operating leases. The leases are for an initial term of one year, with an option to renew. Lease revenue for the year ended June 30, 2019 amounted to \$731,387.

**NOTE I - INCOME TAXES**

New Orleans BioInnovation Center, Inc. is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Code.

New Orleans BioInnovation Center, Inc. has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The organization does not believe its financial statements include any uncertain tax positions.

**NOTE J- FUNCTIONAL EXPENSES**

Functional expenses for the year ended June 30, 2019 are as follows:

Program Services	
Business services and support expenses	\$ 430,988
Facilities expenses	2,146,594
Loan program expenses	<u>267,440</u>
	2,845,022
Support services	
Management and general expenses	<u>446,469</u>
Total	\$ <u>3,291,491</u>

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2019**

**NOTE K - MARKETING EXPENSES**

The Company expenses marketing expenses as incurred. Marketing expense was \$3,353 for the year ended June 30, 2019.

**NOTE L - RETIREMENT PLAN**

The Corporation sponsors a defined contribution plan. All full-time employees are eligible upon date of hire, however, participation is voluntary. The Corporation contributes to the plan an amount equal to 100% of the employee's contribution, limited to 3% of the employee's salary. The contribution rate remained unchanged from the prior year. The pension expense for the year ended June 30, 2019 amounted to \$16,170.

**NOTE M - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2019 consist of the following:

Building and equipment	\$ 37,427,641
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**NOTE N - ECONOMIC DEPENDENCY**

The Corporation receives the majority of its revenue from building rents. If the amount of building rents are reduced significantly, there could be an adverse impact on the operations of the Corporation.

**NOTE O - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2019.

**SUPPLEMENTAL INFORMATION**



**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

	<u>BioInnovation</u>	<u>BioFunding</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash	\$ ( 23,244)	\$ 141,109	\$ -	\$ 117,865
Receivables				
Notes receivable	-	468,154	-	468,154
Accounts receivable	169,475	-	-	169,475
Other	-	1,406	-	1,406
Due from N.O. BioInnovation	-	<u>625,700</u>	<u>(625,700)</u>	-
	<u>146,231</u>	<u>1,236,369</u>	<u>(625,700)</u>	<u>756,900</u>
Property and Equipment	37,432,890	-	-	37,432,890
Other Assets				
Investments	-	-	-	-
Deposits and prepaid expenses	<u>180,630</u>	<u>-</u>	<u>-</u>	<u>180,630</u>
Total assets	<u>\$ 37,759,751</u>	<u>\$ 1,236,369</u>	<u>\$ (625,700)</u>	<u>\$ 38,370,420</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 69,670	\$ -	\$ -	\$ 69,670
Rental deposits	68,060	-	-	68,060
Deferred revenue	225,000	-	-	225,000
Due to N.O. BioFunding	<u>625,700</u>	<u>-</u>	<u>(625,700)</u>	-
Total liabilities	988,430	-	(625,700)	362,730
<b>NET ASSETS</b>				
Total liabilities and net assets	<u>36,771,321</u>	<u>1,236,369</u>	<u>-</u>	<u>38,007,690</u>
	<u>\$ 37,759,751</u>	<u>\$ 1,236,369</u>	<u>\$ (625,700)</u>	<u>\$ 38,370,420</u>

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**

	<u>BioInnovation</u>	<u>BioFunding</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>REVENUE</b>				
Grant appropriations	\$ 357,667	\$ -	\$ -	\$ 357,667
Public support	181,973	-	-	181,973
Rental income	731,387	-	-	731,387
Other	<u>6,227</u>	<u>25,572</u>	<u>-</u>	<u>31,799</u>
Total Revenue	<u>1,277,254</u>	<u>25,572</u>	<u>-</u>	<u>1,302,826</u>
<b>EXPENSES</b>				
Salaries and related expenses	873,158	60,374	-	933,532
Contract labor	2,775	-	-	2,775
Contract outside services	169,042	1,291	-	170,333
Professional services	35,604	6,432	-	42,036
Supplies	19,129	-	-	19,129
Telecommunications	43,889	-	-	43,889
Printing & copying	6,295	-	-	6,295
Rent	17,315	-	-	17,315
Utilities	250,680	-	-	250,680
Equipment rental & maintenance	36,799	-	-	36,799
Travel & meeting expenses	42,040	5,422	-	47,462
Facility & equipment expense	133,355	-	-	133,355
Depreciation	1,136,647	-	-	1,136,647
Insurance	131,390	-	-	131,390
Membership dues	6,379	2,500	-	8,879
Outside computer services	29,007	144	-	29,151
Marketing expense	3,353	-	-	3,353
Bad debts	103,562	-	-	103,562
Bio Excellence awards	27,500	-	-	27,500
Loss on investments	-	141,917	-	141,917
Other costs	<u>4,225</u>	<u>1,267</u>	<u>-</u>	<u>5,492</u>
Total Expenses	3,072,144	219,347	-	3,291,491
Change in net assets from operations	( 1,794,890)	( 193,775)	-	( 1,988,665)
Miscellaneous receipts	<u>-</u>	<u>1,458,114</u>	<u>-</u>	<u>1,458,114</u>
Increase (Decrease) in Net Assets	( 1,794,890)	1,264,339	-	( 530,551)
Net assets, beginning of year	<u>38,566,211</u>	<u>( 27,970)</u>	<u>-</u>	<u>38,538,241</u>
Net assets, end of year	\$ <u>36,771,321</u>	\$ <u>1,236,369</u>	\$ <u>-</u>	\$ <u>38,007,690</u>

**NEW ORLEANS BIOFUNDING, LLC**

**BALANCE SHEET**

**June 30, 2019**

**ASSETS**

Cash	\$ 141,109	
Notes receivable, less allowance for possible loan losses of \$255,262	468,154	
Due from N.O. BioInnovation	625,700	
Receivable, other	1,406	
Investments	<u>-</u>	

Total assets \$ 1,236,369

**LIABILITIES AND NET WORTH**

Liabilities	\$ -
Net worth	<u>1,236,369</u>
Total liabilities and net worth	\$ <u>1,236,369</u>

NEW ORLEANS BIOFUNDING, LLC

STATEMENT OF OPERATIONS

Year ended June 30, 2019

Income		
Interest income		\$ 25,572
Expenses		
Salaries and related expenses	60,374	
Contract services	1,291	
Legal fees	6,432	
Travel and meeting expenses	5,422	
Membership dues	2,500	
Outside computer services	144	
Loss on investments	141,917	
Other costs	<u>1,267</u>	
		<u>219,347</u>
Loss from operations		( 193,775)
Miscellaneous receipts		<u>1,458,114</u>
Net income		1,264,339
Retained earnings (deficit), beginning of year		( <u>27,970</u> )
Retained earnings, end of year		\$ <u>1,236,369</u>

**NEW ORLEANS BIOINNOVATION CENTER, INC.  
AND SUBSIDIARY**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**For the year ended June 30, 2019**

Agency Head Name: Aaron Miscenich (July 1, 2018 through February 28, 2019)  
Kristopher Khalil (March 1, 2019 through June 30, 2019)

Purpose

Amount

No payments were made with public funds.

# CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S 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  
New Orleans BioInnovation Center, Inc. and Subsidiary

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 financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (a nonprofit corporation) which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered New Orleans BioInnovation Center, Inc. and Subsidiary'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Orleans BioInnovation Center, Inc. and Subsidiary's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Orleans BioInnovation Center, Inc. and Subsidiary'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 over financial reporting 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 the 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 New Orleans BioInnovation Center, Inc. and Subsidiary's financial statements are free of 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

## 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana  
November 6, 2020

**NEW ORLEANS BIOINNOVATION CENTER, INC .  
AND SUBSIDIARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2019**

**A. SUMMARY OF THE AUDIT RESULTS**

The auditor's report expressed an unmodified opinion on the financial statements.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**COMPLIANCE**

**2019-001 Late filing of financial statements.**

The report was not submitted to the Louisiana Legislative Auditor within six months of the year end, as required.

**C. STATUS OF PRIOR YEAR AUDIT FINDINGS**

<u>Compliance</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Audit Finding No.</u>
Late Filing of financial statements, 2018 - 001		X	2019 - 001

**D. MANAGEMENT LETTER**

A management letter was not issued for the year ended June 30, 2019.



## **Corrective Action Plan**

### 2019-001-Late Submission of Report

The financial statements will be filed timely to the Louisiana Legislative Auditor in future years.