

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of **New Orleans Tourism Marketing Corporation (NOTMC)**, a component unit of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **NOTMC's** basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of **NOTMC** as of December 31, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NOTMC's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
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New Orleans, Louisiana
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Other Matters, Continued

Other Information, continued

The Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the President & Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020 on our consideration of NOTMC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOTMC's internal control over financial reporting and compliance.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 10, 2020

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

New Orleans Tourism Marketing Corporation (NOTMC) is a component unit of the City of New Orleans. **NOTMC's** management’s discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **NOTMC's** financial activity, and identify changes in **NOTMC's** financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” and is intended to provide the financial results for the fiscal year ended December 31, 2019.

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

MD&A
Management’s Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements
Government-Wide Financial Statements
Fund Financial Statements
Notes to the Financial Statements

Other Required Supplementary Information
Required Supplementary Information

Supplementary Information

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The General Fund is the only fund type of **NOTMC**. The General Fund is used to account for the general activities of **NOTMC**. Its revenues are derived from hotel/motel taxes, Casino lease, Casino hotel agreement, optional hotel assessments and other revenues.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Summary Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Current assets	\$ <u>7,013,940</u>	\$ <u>9,822,355</u>	\$(<u>2,808,415</u>)
Total assets	<u>7,013,940</u>	<u>9,822,355</u>	<u>(2,808,415)</u>
Liabilities			
Current liabilities	2,957,431	3,744,316	(786,885)
Long-term liabilities	<u>-0-</u>	<u>122,005</u>	<u>(122,005)</u>
Total liabilities	<u>2,957,431</u>	<u>3,866,321</u>	<u>(908,890)</u>
Net Position			
Unrestricted	<u>4,056,509</u>	<u>5,956,034</u>	<u>(1,899,525)</u>
Total net position	<u>\$4,056,509</u>	<u>\$ 5,956,034</u>	<u>\$ (1,899,525)</u>

As indicated by the statement above, in 2019 total net position is \$4,056,509, which represents about a 32% decrease from 2018. In 2019, total assets decreased by \$2,808,415 from \$9,822,355 to \$7,013,940. The 2019 decrease in current assets was primarily due to the decrease in receivables and investments.

The 2019 decrease in current liabilities of \$786,885 was primarily due to the decrease in the total net amount due to outside agencies and a decrease in accrued marketing expenditures. The decrease in long-term liabilities was due to the pay out of accumulated annual leave of six (6) employees, whose employment with **NOTMC** terminated on December 31, 2019.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Results of Operations

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Hotel/Motel Taxes	\$ 5,817,179	\$ 5,787,021	\$ 30,158
RTA Hotel Taxes	-	6,868,905	(6,868,905)
BP Oil Funding	102,869	-	102,869
Casino City Lease Agreement	1,000,000	1,000,000	-
Casino Hotel Agreement	1,000,000	1,000,000	-
Optional Hotel Assessment	7,981,773	8,053,524	(71,751)
Net Due to Outside Agencies/RTA Receivable			
Write-Off	64,286	-	64,286
Investment Earnings	<u>70,556</u>	<u>33,750</u>	<u>36,806</u>
Total revenues	<u>16,036,663</u>	<u>22,743,200</u>	<u>(6,706,537)</u>
Expenses			
Provisions of Funding to			
Outside Agencies	1,745,154	5,407,535	(3,662,381)
Special Events	1,913,050	1,452,215	460,835
Marketing	13,456,609	14,855,393	(1,398,784)
General and Administrative	<u>821,375</u>	<u>758,994</u>	<u>62,381</u>
Total expenses	<u>17,936,188</u>	<u>22,474,137</u>	<u>(4,537,949)</u>
Increase (decrease) in net position	<u>\$ (1,899,525)</u>	<u>\$ 269,063</u>	<u>\$ (2,168,588)</u>

Changes in NOTMC's revenues are reflected in the statement above. In 2019, total revenues decreased by \$6,706,537, or 29%, primarily due to the loss of RTA Hotel taxes in 2019.

The decrease in provisions of funding to outside agencies expenses, from 2018 to 2019, is primarily due to the loss of RTA Hotel taxes which impacts the pass-throughs to outside agencies. The decrease in marketing expenses, in 2019 compared to 2018, is primarily due a reduction in events supported and an improved efficiency with media buys to optimize audience targeting.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial Analysis of the Governmental Fund

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

At the end of the December 31, 2019 fiscal year, NOTMC's general fund reported ending fund balance of \$4,056,509, a decrease of \$2,021,530 in comparison to the prior year. Of the total fund balance, the Board of Directors has reported the following as assigned fund balance:

<u>Purpose</u>	<u>Amount</u>
Administrative costs	\$ 500,000
Emergency marketing costs	<u>1,000,000</u>
Total	<u>\$1,500,000</u>

Capital Assets

At December 31, 2019, net capital assets consisted of the following:

Capital Assets	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 76,406	\$ 76,406
Less accumulated depreciation	<u>(76,406)</u>	<u>(76,406)</u>
Net capital assets	\$ <u>-0-</u>	\$ <u>-0-</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Economic Factors and Next Year's Budget

Over the years, **NOTMC's** budget has been greatly affected by the amount of tax revenues received from the Hotel/Motel Occupancy Privilege tax, RTA Hotel tax and Hotel Optional Assessment collections. Effective with 2020, **NOTMC** will begin transitioning to another mission, along with a name change to **New Orleans Tourism & Cultural Fund (NOTCF)**. **NOTCF** will continue collecting the Hotel/Motel Occupancy Privilege tax but will no longer receive the other revenue sources. This change is due to the board of directors' and City Councils' recommendation to support the City of New Orleans' Fair Share Agreement. This agreement redirects funding previously remitted to **NOTMC** to other agencies. Regional and National economic factors will continue to impact the organization including the spread of the novel Coronavirus. **NOTCF** will continue to consider all these factors and will be conservative in its revenue estimations to reduce any possible financial vulnerability.

Budget

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

Revenue Budgets

NOTMC's actual general fund revenues of \$16,036,663 were more than the final budget by \$284,215.

Expenditures Budgets

NOTMC's actual general fund expenditures of \$18,058,193 were more than final budgeted expenditures by \$237,961.

Contacting NOTMC Financial Management

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents (NOTES 2(E) AND 3)	\$ 1,788,636
Hotel/motel taxes receivable	1,898,210
Optional assessment receivable	2,022,472
Other receivables	87,950
Investments (NOTE 3)	1,202,672
Prepaid expenses	14,000
Total current assets	7,013,940
Noncurrent Assets:	
Capital assets (NOTE 5)	76,406
Less: accumulated depreciation (NOTE 5)	(76,406)
Total noncurrent assets	-
Total assets	7,013,940
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	2,255,182
Due to outside agencies, net (NOTE 8)	702,249
Total current liabilities	2,957,431
<u>NET POSITION</u>	
Unrestricted	4,056,509
Total net position	\$ 4,056,509

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS			
Governmental activities:			
Provision of funding to outside agencies (NOTES 7 AND 8)	\$ 1,745,154	\$ -	\$ (1,745,154)
Agency and related fees	1,279,950	-	(1,279,950)
Summer/general media	7,525,187	-	(7,525,187)
Multicultural/Essence event	315,000	-	(315,000)
Production	735,407	-	(735,407)
Public relations	719,253	-	(719,253)
Research	57,356	-	(57,356)
Christmas media	180,000	-	(180,000)
Optional assessment: N.O. Multicultural Tourism Network	50,000	-	(50,000)
Interactive marketing	2,572,790	-	(2,572,790)
General and administrative	599,856	-	(599,856)
Diversity and inclusion	221,519	-	(221,519)
Fulfillment	14,942	-	(14,942)
Special events	1,913,050	-	(1,913,050)
Marketing technologies	6,724	-	(6,724)
	\$ 17,936,188	\$ -	(17,936,188)
General Revenues:			
Hotel/motel taxes (net of collection fees) (NOTE 4)			5,817,179
Casino City lease agreement (NOTE 4)			1,000,000
Casino hotel agreement (NOTE 4)			1,000,000
Optional hotel assessment (NOTE 4)			7,981,773
Net due to outside agencies/RTA receivable write-off (NOTE 12)			64,286
BP funding			102,869
Investment earnings			70,556
			16,036,663
			Change in net position
			(1,899,525)
			Net position, beginning of year
			5,956,034
			Net position, end of year
			\$ 4,056,509

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BALANCE SHEET
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 1,788,636
Hotel/motel taxes receivable	1,898,210
Optional assessment receivable	2,022,472
Other receivables	87,950
Investments	1,202,672
Prepaid expenses	<u>14,000</u>
Total assets	<u><u>\$ 7,013,940</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	\$ 2,255,182
Due to outside agencies, net	<u>702,249</u>
Total liabilities	<u><u>2,957,431</u></u>

Fund Balance

Unspendable:	
Prepaid expenses	14,000
Spendable:	
Unassigned	2,542,509
Assigned	<u>1,500,000</u>
Total fund balance	<u><u>4,056,509</u></u>
Total liabilities and fund balance	<u><u>\$ 7,013,940</u></u>

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND TO
DECEMBER 31, 2019

Total fund balance - Governmental Fund - General Fund	<u>\$ 4,056,509</u>
Net position of governmental activities	<u>\$ 4,056,509</u>

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE
IN FUND BALANCE-GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

Hotel/motel taxes(net of collection fees)	\$ 5,817,179
Casino City lease agreement	1,000,000
Casino hotel agreement	1,000,000
Optional hotel assessment	7,981,773
Net due to outside agencies/RTA receivable write-off	64,286
BP funding	102,869
Investment earnings	<u>70,556</u>
 Total revenues	 <u>16,036,663</u>

EXPENDITURES

Provision of funding to outside agencies	1,745,154
Agency and related fees	1,279,950
Summer/general media	7,525,187
Multicultural/Essence event	315,000
Production	735,407
Public relations	719,253
Research	57,356
Christmas media	180,000
Optional assessment: N.O. Multicultural Tourism Network	50,000
Interactive marketing	2,572,790
General and administrative	721,861
Diversity and inclusion	221,519
Fulfillment	14,942
Special events	1,913,050
Marketing technologies	<u>6,724</u>
 Total expenditures	 <u>18,058,193</u>
 Net change in fund balance	 (2,021,530)
 Fund balance, beginning of year	 <u>6,078,039</u>
 Fund balance, end of year	 <u>\$ 4,056,509</u>

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Total net changes in fund balance - Governmental Fund - General Fund	\$ (2,021,530)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Long-term compensated absences are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in the Governmental Fund (NOTE 6)	
Decrease in compensated absences	<u>122,005</u>
Change in net position of governmental activities	<u><u>\$ (1,899,525)</u></u>

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

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Operations:

New Orleans Tourism Marketing Corporation (NOTMC) was organized on January 1, 1990 and commenced operations on May 1, 1991. The objectives and purposes of **NOTMC** are as follows:

- o To continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination;
- o To stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the United States and the World; and
- o To advance, promote and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means.

NOTMC is administered by a Board of Directors consisting of fifteen (15) members appointed as follows:

- o One (1) member appointed by the Mayor of the City of New Orleans;
- o Three (3) members appointed by the City Council from its members;
- o Three (3) members appointed from a list of six (6) nominees submitted by the New Orleans Metropolitan Convention and Visitors Bureau;
- o Four (4) members appointed from a list of eight (8) nominees submitted by the Greater New Orleans Hotel & Lodging Association;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Multicultural Tourism Network, Inc.;

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

NOTE 1 - Organization and Operations, Continued:

- o One (1) member appointed from a list of two (2) nominees submitted by the Preservation Resource Center;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans East Economic Development Foundation; and
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Chapter of the Louisiana Restaurant Association.

Members of NOTMC's Board of Directors receive no compensation or per diem.

NOTE 2 - Summary of Significant Accounting Policies:

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

A) Reporting Entity

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

B) Funds

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

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

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

C) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Measurement Focus/Basis of Accounting, Continued

Government-Wide Financial Statements (GWFS), Continued

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

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Measurement Focus/Basis of Accounting, Continued

Fund Financial Statements (FFS)

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

Fund financial statements report detailed information about **NOTMC**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2019, the general fund is the only major fund of **NOTMC**.

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Budgetary Data

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

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

E) Cash and Cash Equivalents

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

F) Compensated Absences

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

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

G) Income Taxes

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

H) Receivables

Receivables primarily consist of outstanding hotel/motel taxes and optional assessments. All receivables are shown net of an allowance for uncollectible accounts.

I) Capital Assets

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Capital Assets, Continued

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

J) Use of Estimates

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

K) Fund Equity

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

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

K) Fund Equity, Continued

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

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

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

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

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

NOTE 3 - Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents

NOTMC had cash in demand deposit accounts totaling \$1,788,636 (book balances) at December 31, 2019.

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

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. NOTMC maintains a noninterest-bearing and interest-bearing accounts at a local bank. At December 31, 2019, NOTMC deposits were fully secured from risk.

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

Investments

As of December 31, 2019, NOTMC had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
U.S. Government Agencies	AA+	1 to 5 years	<u>\$1,202,672</u>

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

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

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

Investments, Continued

NOTMC has the following recurring fair value measurements as of December 31, 2019:

- U. S. Government Agencies of \$1,202,672 are valued using quoted market prices (Level 1 Inputs).

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, **NOTMC** will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. **NOTMC** does not have a formal investment policy that addresses custodial credit risk. As of December 31, 2019, **NOTMC** did not have any investments to which this would apply.

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

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

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation:

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

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

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

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

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

For the year ended December 31, 2019, **NOTMC** earned \$5,817,179 (net of collection fees) from the Hotel Occupancy Privilege Tax.

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

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation.
Continued:

- B) Casino City Lease Agreement - According to the lease agreement among the City of New Orleans (the City), the Rivergate Development Corporation and the Jazz Casino Company (the Casino), the Casino is required to make an annual contribution of \$1,000,000 to the destination marketing program of the City for the joint benefit of the City and the Casino in order to promote the City and the Casino as destinations. The City has utilized **NOTMC** to conduct the destination marketing program on behalf of the City.
- C) Casino Hotel Agreement - The Casino has agreed to make monthly payments of \$83,333 totaling \$1,000,000 for the fiscal year for additional marketing monies to be dedicated to **NOTMC** to market the entire City. These payments are in addition to the above amounts required by the lease agreement.
- D) Other Revenues - Other revenues include sales of advertising and discount coupons placed in tourism guides produced by **NOTMC**, sales of co-sponsored and shared advertising placed by **NOTMC** in national print media and sales of advertising and linking services on **NOTMC**'s internet web site.
- E) Optional Hotel Assessment - **NOTMC** and New Orleans & Company have entered into an agreement whereby the New Orleans & Company has agreed to levy an assessment upon its hotel and motel members in the amount of 1.75% of room revenues collected from the use of hotel or motel rooms in Orleans Parish. Of the collected amount, 0.25% of room revenues will be paid to the City of New Orleans, and the remaining 1.5% of room revenues will be divided equally between the New Orleans & Company and **NOTMC** before any reduction for program expenses.

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Component Unit of the City of New Orleans)

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2019 are follows:

	<u>January 1,</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2019</u>
<u>Assets</u>				
Furniture and equipment	\$ 76,406	\$ -0-	\$ -0-	\$ 76,406
Accumulated depreciation	<u>(76,406)</u>	<u>-0-</u>	<u>-0-</u>	<u>(76,406)</u>
Net capital assets	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 6 - Long-Term Debt:

A summary of the changes in long-term debt is as follows:

<u>Description</u>	<u>January 1,</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2019</u>
Compensated absences	\$ <u>122,005</u>	\$ <u>-0-</u>	\$ <u>122,005</u>	\$ <u>-0-</u>

NOTE 7 - Transactions with Outside Organizations:

Provision of Funding

According to an ordinance of the Council of the City of New Orleans that adopted NOTMC's Tourism Promotion Program for 2019 provided funding to the following organizations during the year ended December 31, 2019:

New Orleans & Company	\$1,308,866
New Orleans Multicultural Tourism Network, Inc.	<u>436,288</u>
	<u>\$1,745,154</u>

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

NOTE 8 - Due to Outside Agencies, Net:

At December 31, 2019, the net amount due to outside agencies is as follows:

	Amount Due to Outside Agencies at December 31, <u>2018</u>	Written Off Due to Failure to Collect Related <u>Receivable</u>	Provision of Funding Expenditure at December 31, <u>2019</u>	Payments Made to Outside Agencies at December 31, <u>2019</u>	Total Net Amount Due to Outside Agencies at December 31, <u>2019</u>
Ernest N. Morial New Orleans Exhibition Hall Authority	\$1,863,368	\$(1,863,368)	\$ -0-	\$ -0-	\$ -0-
Mayor's Office of Tourism and Arts	128,572	(64,286)	-0-	(64,286)	-0-
New Orleans & Company	419,682	-0-	1,308,866	(1,201,861)	526,687
New Orleans Multicultural Tourism Network, Inc.	<u>139,894</u>	<u>-0-</u>	<u>436,288</u>	<u>(400,620)</u>	<u>175,562</u>
Total	<u>\$2,551,516</u>	<u>\$(1,927,654)</u>	<u>\$1,745,154</u>	<u>\$(1,666,767)</u>	<u>\$ 702,249</u>

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Component Unit of the City of New Orleans)

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Operating Lease:

NOTMC has a month-to-month operating lease for office space, which commenced on October 1, 2016. Lease expense for the 2019 fiscal year amounted to \$27,622.

NOTE 10 - Risk Management:

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

NOTE 11 - Profit Sharing Plan:

All employees of **NOTMC** over twenty-one (21) years of age are eligible to participate in **NOTMC**'s 401(k) Profit Sharing Plan after one (1) year of service. Participants are 100% vested in the profit share and matching accounts after one (1) year of service. **NOTMC** contributes 3% of defined compensation of all eligible employees. Retirement expense for the year ended December 31, 2019 was \$26,813.

NOTE 12 - RTA Hotel Tax Agreement:

In 2019, the Regional Transit Authority (RTA) terminated an agreement for services and corporative economic endeavor with **NOTMC** to provide **NOTMC** a percentage (40% or 60%, as applicable per the terms of the agreement) of RTA's 1% general sales and use taxes, applied to hotels in Orleans Parish.

In consideration of the payments made by the RTA to **NOTMC**, **NOTMC** shall perform certain marketing services, provide funding not to exceed 3.45% of the RTA hotel tax received from the RTA to the Mayor's Office of Tourism and Arts and allocate and dedicate 50% of the RTA hotel tax received from RTA to the Ernest N. Morial Exhibition Hall Authority (Exhibition Hall).

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

NOTE 12 - RTA Hotel Tax Agreement, Continued:

At December 31, 2018, **NOTMC** reported a RTA tax receivable of \$3,726,736, of which \$1,863,368 **NOTMC** determined in the 2019 fiscal year to be uncollectible since, as described above, the RTA in 2019 terminated the sales tax agreement between RTA and **NOTMC**. Related payable distributions to the Exhibition Hall and the Mayor's Office of Tourism and Arts, reported as amounts due to other agencies at December 31, 2019, in the amount of \$1,927,654 was written-off by **NOTMC** due to also the termination of the agreement with RTA for sharing RTA's 1% general sales and use tax referred to above.

The net effect of the uncollectible RTA tax receivable and the write-off of the due to outside agencies is as follows:

RTA tax bad debt	\$ 1,863,368
Write-off of due to outside agencies	<u>(1,927,654)</u>
Net	\$ <u>(64,286)</u>

NOTE 13 - Related Party Transactions:

NOTMC and an affiliated organization, the 2018 NOLA Foundation (a nonprofit organization), have the same individual as President/CEO. The individual serves in a volunteer capacity for the 2018 NOLA Foundation.

NOTE 14 - Subsequent Events:

NOTMC is required to evaluate events or transactions that may occur after the statement of net position date for potential recognition or disclosure in the financial statements. **NOTMC** performed such an evaluation through September 10, 2020, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of net position date requiring disclosure.

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

NOTE 14 - Subsequent Events, Continued:

Due to the global pandemic caused by COVID-19, the City of New Orleans issued a stay-at-home mandate in mid-March 2020. This pandemic and the stay-at-home mandate significantly impacted tourism operations, including hotels. Because hotel occupancy tax revenue will be the primary source of revenues for **NOTMC** in the 2020 fiscal year, the organization is expecting a substantial decrease in total revenues compared to prior years. The organization also expects to see a decrease in expenditures, particularly festival support, due to the cancellation of major festivals in 2020.

Due to the merger of the marketing functions of **NOTMC** and New Orleans & Company in 2019, **NOTMC's** board of directors and the Council of the City of New Orleans voted in 2020 to change the name of the **New Orleans Tourism Marketing Corporation** to the New Orleans Tourism and Cultural Fund (**NOTCF**). Under this name, **NOTCF** will remain a nonprofit economic development corporation and its mission was amended to support the cultural economy of the City of New Orleans. The organization will continue to receive the occupancy tax but other forms of revenues previously received will be removed from the annual budget.

REQUIRED SUPPLEMENTARY INFORMATION

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Hotel/motel (net of collection fees)	\$ 5,519,035	\$ 5,797,968	\$ 5,817,179	\$ 19,211
RTA Hotel Taxes	6,259,997	-	-	-
Casino City lease agreement	1,000,000	1,000,000	1,000,000	-
Casino hotel agreement	1,000,000	1,000,000	1,000,000	-
Optional hotel assessment	7,844,735	7,948,480	7,981,773	33,293
NOTMC Merchandise Commissions	2,000	-	-	-
Net due to outside agencies/RTA receivable write-off	-	-	64,286	64,286
BP funding	-	-	102,869	102,869
Coop revenue	20,000	-	-	-
Investment earnings	6,000	6,000	70,556	64,556
Total revenues	<u>21,651,767</u>	<u>15,752,448</u>	<u>16,036,663</u>	<u>284,215</u>
EXPENDITURES				
Provision of funding to outside agencies and special events	6,635,179	3,389,390	3,658,204	(268,814)
Agency and related fees	1,777,953	1,777,953	1,279,950	498,003
Summer/general media	8,003,064	7,573,064	7,525,187	47,877
Multicultural/Essence event	315,000	315,000	315,000	-
Production	850,000	850,000	735,407	114,593
Public relations	388,221	575,021	719,253	(144,232)
Research	80,000	80,000	57,356	22,644
Christmas media	150,000	150,000	180,000	(30,000)
Optional assessment: N.O. Multicultural Tourism Network	50,000	50,000	50,000	-
Interactive marketing	2,516,426	2,616,426	2,572,790	43,636
General and administrative	594,300	610,000	721,861	(111,861)
Diversity and inclusion	-	230,000	221,519	8,481
Fulfillment	62,500	62,500	14,942	47,558
Marketing technologies	16,800	16,800	6,724	10,076
Total expenditures	<u>21,439,443</u>	<u>18,296,154</u>	<u>18,058,193</u>	<u>237,961</u>
Net change in fund balance	212,324	(2,543,706)	(2,021,530)	522,176
Fund balance, beginning of year	5,489,416	6,078,039	6,078,039	-
Fund balance, end of year	<u>\$ 5,701,740</u>	<u>\$ 3,534,333</u>	<u>\$ 4,056,509</u>	<u>\$ 522,176</u>

See Independent Auditors' Report on Supplementary Information.

OTHER SUPPLEMENTARY INFORMATION

NEW ORLEANS TOURISM MARKETING CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE PRESIDENT & CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2019

President & Chief Executive Officer Name: Mr. Mark Romig

<u>Purpose</u>	<u>Amount</u>
Salary	\$203,477
Board approved incentive bonus	204,270
Benefits – insurance	12,197
Benefits – retirement	12,232
Benefits – worker’s comp	-0-
Benefits – life insurance	-0-
Benefits – Medicare	7,582
Benefits – Social Security	8,240
Benefits – unemployment comp	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	7,377
Travel	6,886
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See Independent Auditors’ Report on Supplementary Information.



Member
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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

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

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of **New Orleans Tourism Marketing Corporation (NOTMC)**, a component unit of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **NOTMC's** basic financial statements, and have issued our report thereon dated September 10, 2020.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 10, 2020

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I – SUMMARY AUDITORS' RESULTS

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None Reported.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **Not Applicable.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **Not Applicable.**
- G. Type of report issued on compliance for major programs: **Not Applicable.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Not Applicable.**
- I. Was a management letter issued? **No.**
- J. Identification of Major Programs: **Not Applicable.**
- K. Dollar threshold used to distinguish between Type A and Type B programs: **Not Applicable.**
- L. Auditee qualified as a "low-risk" auditee: **Not Applicable.**

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

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

No matters reported.

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

Not applicable.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

No matters were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No comments were reported.

NEW ORLEANS TOURISM MARKETING CORPORATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2019



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **New Orleans Tourism Marketing Corporation**
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by **New Orleans Tourism Marketing Corporation (NOTMC)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. **NOTMC's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 and 3 either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

The procedures and findings related to the Statewide Agreed-Upon Procedures are as follows:

Written Policies and Procedures

1. We obtained NOTMC's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and NOTMC's operations):

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

No exceptions were noted.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were noted.

c) Disbursements, including processing, reviewing, and approving.

No exceptions were noted.

d) Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cut-off procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were noted.

e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were noted.

- g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

No exceptions were noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were noted.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions were noted.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions were noted.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report 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.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 10, 2020