

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF NEW ORLEANS, LOUISIANA, INC.**

FINANCIAL STATEMENTS REPORT

December 31, 2015 and 2014



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**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Table of Contents
December 31, 2015**

Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses - 2015	9
Statement of Functional Expenses - 2014	10
Schedule of Compensation, Benefits, and Other Payments to Agency Head	11
GOVERNMENT AUDITING STANDARDS REPORT	
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 <i>Government Auditing Standards</i>	12
Schedule of Findings and Questioned Costs	14
Schedule of Prior Year Audit Findings	15
Corrective Action Plan	16



Report



Carr, Riggs & Ingram, LLC
4330 Dumaine Street
New Orleans, Louisiana 70119

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB"), which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities, and Cash Flows for the years 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 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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.

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 IDB'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 IDB's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDB as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses on pages 9 and 10 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head (as required by Louisiana Revised Statute 24:513(A)(3)) on page 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2016, on our consideration of IDB'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 IDB's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

June 6, 2016



Financial Statements

**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Statements of Financial Position**

<i>December 31,</i>	<i>2015</i>	<i>2014</i>
ASSETS		
Current Assets		
Cash	\$ 695,539	\$ 717,610
Certificates of deposit	1,461,461	1,065,565
Accrued interest receivable	6,294	3,759
Prepaid expenses	12,405	10,423
Total current assets	2,175,699	1,797,357
Total assets	\$ 2,175,699	\$ 1,797,357
LIABILITIES AND NET ASSETS		
Current liabilities		
Security deposit	\$ -	\$ 15,000
Accounts payable and accrued expenses	264	-
Deferred revenue	-	87,360
Total current liabilities	264	102,360
Unrestricted net assets	2,175,435	1,694,997
Total liabilities and net assets	\$ 2,175,699	\$ 1,797,357

See related notes to the financial statements.

**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Statements of Activities**

<i>For the years ended December 31,</i>	2015	2014
Revenues		
Annual administrative fees	\$ 344,486	\$ 329,061
Six Flags income	225,910	187,240
Closing costs	57,961	54,845
Interest income	16,471	7,890
Application fees	9,000	9,000
Total revenues	653,828	588,036
Expenses		
Program services	128,081	104,999
Support services	45,309	39,328
Total expenses	173,390	144,327
Increase in unrestricted net assets	480,438	443,709
Unrestricted net assets, beginning of year	1,694,997	1,251,288
Unrestricted net assets, end of year	\$ 2,175,435	\$ 1,694,997

See related notes to the financial statements.

**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Statements of Cash Flows**

<i>For the years ended December 31,</i>	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	\$ 480,438	\$ 443,709
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Increase in accrued interest receivable	(2,535)	(1,233)
Increase in prepaid expenses	(1,982)	(267)
(Decrease) increase in security deposit	(15,000)	15,000
Increase (decrease) in accounts payable and accrued expenses	264	(1,294)
(Decrease) increase in deferred revenues	(87,360)	87,360
Net cash provided by operating activities	373,825	543,275
Cash flows from investing activities:		
Purchases of certificates of deposit	(395,896)	(360,991)
Net cash used in investing activities	(395,896)	(360,991)
Net (decrease) increase in cash	(22,071)	182,284
Cash and cash equivalents at beginning of year	717,610	535,326
Cash and cash equivalents at end of year	\$ 695,539	\$ 717,610

See related notes to the financial statements.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements**

NOTE 1: NATURE OF THE ORGANIZATION

Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB") is a Louisiana non-profit corporation organized pursuant to the provisions of Title 51, Chapter 7 of the Louisiana Revised Statutes. IDB was created by the New Orleans City Council in 1972 to promote the retention, expansion, and attraction of business and commercial enterprises in Orleans Parish and to expand employment opportunities. IDB has the ability to issue taxable and tax exempt revenue bonds and other obligations to acquire land, construct, purchase, or renovate buildings to acquire and install machinery and equipment, and to finance any other economic development efforts. IDB can issue bonds without the necessity of calling a public bond election or having a public sale of bonds. The bonds (either taxable or tax exempt) are financed by the developer. Tax exempt bonds provide the incentive of a below market interest rate. IDB may also offer a PILOT (payment in lieu of taxes). A PILOT, if granted, may assist the developer with their financing of the project.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Estimates

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

Cash and cash equivalents

Cash and cash equivalents have been defined by IDB as those amounts included in the statement of financial position caption "Cash." IDB considers all highly liquid debt instruments with original maturities at purchase of three months or less to be cash equivalents.

Certificates of deposit

Certificates of deposit are stated at cost which approximates fair value. Certificate terms typically range from six months to one year.

Net assets

Under accounting principles generally accepted in the United States, IDB reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All of IDB's assets are classified as unrestricted; there were no temporarily or permanently restricted net assets at December 31, 2015 and 2014.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$112 in 2015. There were no advertising expenses in 2014.

Functional allocation of expenses

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

Subsequent events

In preparing these financial statements, IDB has evaluated events and transactions for potential recognition or disclosure through June 6, 2016, the date the financial statements were available to be issued and noted no items for disclosure.

Deferred Revenues

Deferred revenue consists of funds received by IDB of NO related to the future use of the Six Flag lands. There was no deferred revenue at December 31, 2015. Deferred revenue at December 31, 2014 was \$87,360.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Federal Deposit Insurance Corporation ("FDIC") provides insurance coverage under defined dollar limits. The FDIC is not obligated to pay uninsured deposits. IDB maintains demand and time deposit accounts at various banks. As of December 31, 2015 and 2014, IDB had approximately \$2,203 and \$18,560, respectively, of uninsured deposits. IDB has not experienced any losses in such accounts.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements**

NOTE 4 - ECONOMIC ENVIRONMENT

Income is dependent primarily upon IDB receiving a sufficient number of applications wherein the applicant/developer is seeking bond financing through IDB and, additionally in some instances, a PILOT. In the long-term, these applications and the subsequent successful bond issuance generate closing costs income and potentially annual administrative fees if a PILOT is involved. All such projects occur in Orleans Parish. A decline in local and general economic conditions could affect the generation of revenue.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Prior to 2005, the Six Flags project (an amusement park) in New Orleans East received a PILOT. At the request of the City of New Orleans, IDB became the property owner of record of the Six Flags site. As a result of the sale of a servitude on the property, IDB received a payment of \$112,584 in 2008. Also in 2008, IDB deposited these funds in a separate interest bearing cash account. The Six Flags site has been abandoned since 2005. Beginning in 2011, IDB has utilized funds from the Six Flags cash account to cover primarily minimal grounds maintenance and containment of the site.

NOTE 6 - SIX FLAGS AGREEMENTS

IDB has signed multiple short-term lease agreements with film companies. The agreements give the companies the right to use the Six Flags property for movie filming. The agreements provide that IDB is to receive \$250 for each day of set up and \$1,500 for each day of filming for the year ended December 31, 2014. During the year ended December 31, 2015, IDB began receiving a \$350 fee for each day that the Six Flags property was under use for filming.



Supplementary Information

**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Statement of Functional Expenses**

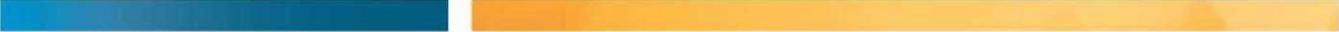
<i>For the year ended December 31, 2015</i>	Program Services	Support Services	Total
Payroll and related expenses	\$ 70,755	\$ 27,303	\$ 98,058
Professional fees	40,048	-	40,048
Six Flags expenses	11,245	-	11,245
Rental expense	-	6,890	6,890
Office expense and supplies	948	5,841	6,789
Website expense	1,480	1,480	2,960
Insurance	1,309	1,309	2,618
Parking	1,645	1,645	3,290
Meeting and travel	539	538	1,077
Postage and delivery	-	288	288
Miscellaneous	112	15	127
Total	\$ 128,081	\$ 45,309	\$ 173,390

See related notes to the financial statements.

**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Statement of Functional Expenses**

<i>For the year ended December 31, 2014</i>	Program Services	Support Services	Total
Payroll and related expenses	\$ 68,933	\$ 26,101	\$ 95,034
Professional fees	16,920	-	16,920
Six Flags expenses	13,719	-	13,719
Rental expense	-	5,787	5,787
Office expense and supplies	960	2,367	3,327
Website expense	1,000	1,000	2,000
Insurance	1,486	1,486	2,972
Parking	1,439	1,440	2,879
Meeting and travel	542	542	1,084
Postage and delivery	-	308	308
Miscellaneous	-	297	297
Total	\$ 104,999	\$ 39,328	\$ 144,327

See related notes to the financial statements.



**The Industrial Development Board of
New Orleans, Louisiana, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head**

Mr. Alan Philipson, Board President, did not receive any compensation, benefits, or other payments for the year ended December 31, 2015.

See related notes to the financial statements.



Carr, Riggs & Ingram, LLC
4330 Dumaine Street
New Orleans, Louisiana 70119

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

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

Board of Directors
Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB"), which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IDB'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 IDB's internal control. Accordingly, we do not express an opinion on the effectiveness of IDB's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 IDB's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, **2015-001**.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IDB'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*.

IDB's Response to Findings

IDB's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. IDB's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 IDB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

June 6, 2016

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Schedule of Findings and Questioned Costs**

A. SUMMARY OF AUDITORS' RESULTS

1. Type of auditors' report	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified	Yes
b. Significant deficiencies not considered to be material weaknesses	No
c. Noncompliance material to the financial statements noted	No
3. Management letter	No

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

2015-001: Assistance in Drafting Financial Statements

Classification: Material Weakness

Criteria: Professional standards state that it is a strong indication of a material weakness in internal control if the entity has ineffective controls over the preparation of their financial statements, such that the entity controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

Condition: The auditor assisted with drafting the financial statements, including the related footnotes, though the auditor is not responsible for establishing or maintaining internal controls over the preparation of the financial statements.

Cause: IDB does not have the expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect: The financial statements could be materially misstated.

C. FINDINGS AND QUESTIONED COSTS TO MAJOR FEDERAL AWARD PROGRAMS.

Not applicable.

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Material Weakness

Internal Control 2014-01: Assistance in Drafting Financial Statements - Unresolved (See current year finding 2015-001)

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.

FINDING 2015-001

Management's Response: Management does not consider the benefit of retaining an individual with the required expertise to outweigh the cost of implementation.