

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016



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**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
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December 31, 2017**

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Report



Carr, Riggs & Ingram, LLC
111 Veterans Boulevard,
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123 (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, 2017 and 2016, and the related Statements of Activities, Functional Expenses, 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 audits 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, 2017 and 2016, 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head (as required by Louisiana Revised Statute 24:513(A)(3)) on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, 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 solely 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 the effectiveness of IDB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDB's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

June 29, 2018



Financial Statements

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

<i>December 31,</i>	<i>2017</i>	<i>2016</i>
ASSETS		
Current Assets		
Cash	\$ 1,017,428	\$ 713,155
Certificates of deposit	1,470,442	1,561,799
Accrued interest receivable	2,740	5,135
Prepaid expenses	12,424	7,649
Total current assets	2,503,034	2,287,738
Total assets	\$ 2,503,034	\$ 2,287,738
LIABILITIES AND NET ASSETS		
Current liabilities		
Deferred revenues	\$ 7,000	\$ 7,500
Accounts payable and accrued expenses	-	15,015
Total current liabilities	7,000	22,515
Unrestricted net assets	2,496,034	2,265,223
Total liabilities and net assets	\$ 2,503,034	\$ 2,287,738

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

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

<i>For the years ended December 31,</i>	2017	2016
Revenues		
Annual administrative fees	\$ 393,158	\$ 349,426
Six Flags income	33,500	10,000
Closing costs	124,052	26,495
Interest income	17,841	16,659
Application fees	21,000	15,000
Other income	286	25
Total revenues	589,837	417,605
Expenses		
Program services	98,746	97,933
Support services	52,367	46,109
Six Flags - Security	157,619	137,953
Six Flags - Professional fees	40,630	32,162
Six Flags - Marketing	2,335	-
Six Flags - Maintenance	1,460	3,029
Six Flags - Insurance	5,869	10,631
Total expenses	359,026	327,817
Increase in unrestricted net assets	230,811	89,788
Unrestricted net assets, beginning of year	2,265,223	2,175,435
Unrestricted net assets, end of year	\$ 2,496,034	\$ 2,265,223

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

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

<i>For the year ended December 31, 2017</i>	Program Services	Support Services	Total
Six Flags expenses	\$ 207,913	\$ -	\$ 207,913
Payroll and related expenses	77,174	30,540	107,714
Professional fees	16,126	-	16,126
Rental expense	-	7,695	7,695
Office expense and supplies	950	8,029	8,979
Parking and mileage	1,300	1,299	2,599
Insurance	1,253	1,253	2,506
Website expense	1,200	1,200	2,400
Repair and maintenance	-	1,090	1,090
Meeting and travel	743	742	1,485
Postage and delivery	-	358	358
Miscellaneous	-	161	161
Total	\$ 306,659	\$ 52,367	\$ 359,026

See independent auditors' report.

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

<i>For the year ended December 31, 2016</i>	Program Services	Support Services	Total
Six Flags expenses	\$ 183,775	\$ -	\$ 183,775
Payroll and related expenses	74,727	28,890	103,617
Professional fees	15,992	-	15,992
Rental expense	-	7,000	7,000
Office expense and supplies	950	5,954	6,904
Parking and mileage	1,618	1,618	3,236
Insurance	1,276	1,276	2,552
Website expense	1,200	1,200	2,400
Meeting and travel	970	969	1,939
Postage and delivery	-	322	322
Miscellaneous	-	80	80
Total	\$ 280,508	\$ 47,309	\$ 327,817

See independent auditors' report.

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

<i>For the years ended December 31,</i>	2017	2016
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 230,811	\$ 89,788
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Decrease (increase) in accrued interest receivable	2,395	1,159
(Increase) decrease in prepaid expenses	(4,775)	4,756
(Decrease) increase in accounts payable and accrued expenses	(15,015)	14,751
(Decrease) increase in deferred revenues	(500)	7,500
Net cash provided by operating activities	212,916	117,954
Cash flows from investing activities:		
Maturities of certificates of deposit	91,357	(100,338)
Net cash provided by investing activities	91,357	(100,338)
Net increase in cash	304,273	17,616
Cash and cash equivalents, beginning of year	713,155	695,539
Cash and cash equivalents, end of year	\$ 1,017,428	\$ 713,155

The accompanying notes are an integral part of these 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 Payment in Lieu of Taxes (“PILOT”). A PILOT, if granted, may assist the developer with their financing of the project.

IDB is also responsible for administering the upkeep and security of the former Six Flags amusement park (“Six Flags”) that was abandoned after Hurricane Katrina in 2005. Additionally, IDB continues to promote alternative uses for Six Flags to generate revenue.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation

Under GAAP, 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 net assets are classified as unrestricted; there were no temporarily or permanently restricted net assets at December 31, 2017 and 2016.

Use of Estimates

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents have been defined by IDB as those amounts included in the Statements of Financial Position captioned "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.

Accrued interest receivable

Accrued interest receivable is recorded for interest earned on certificates of deposit. The accrued interest is adjusted to actual interest earned based on the renewal dates.

Revenue recognition

Revenues are recognized when they are earned. The main source of revenue is from annual administrative fees which are fees collected on projects (with or without a bond issuance) that involve a PILOT.

Deferred Revenue

Deferred revenue consists of prepaid funds received by IDB from clients related to the future use of the Six Flags property and for costs of certain reports required by the IDB and/or pursuant to lease agreements for PILOT-related projects. There was deferred revenue of \$7,000 and \$7,500 at December 31, 2017 and 2016, respectively.

Functional allocation of expenses

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

Advertising & Marketing

Advertising and marketing costs are expensed as incurred. Marketing expenses were \$2,335 in 2017 and were entirely related to the Six Flags property. The entity did not incur any advertising expenses in 2016.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In preparing these financial statements, IDB has evaluated events and transactions for potential recognition or disclosure through June 29, 2018, the date the financial statements were available to be issued and noted no items for disclosure.

Recent Accounting Pronouncements

In May 2014, FASB issued new Topic 606, Revenue from Contracts with Customers. The new guidance is intended to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP applicable to revenue transactions. This guidance provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services. Existing industry-specific guidance will be eliminated. Additionally, interim and annual disclosures will be substantially revised. This guidance is effective for annual reporting periods beginning after December 15, 2018 (as amended in ASU 2015-14). Early adoption is permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. (Note: Additional requirements related to Topic 606 were issued in 2016, as part of ASU 2016-12.) We have elected not to early adopt ASU 2014-09 and are assessing the effect the standard will have on our financial statements.

In February 2016, FASB issued ASU 2016-02, with new guidance intended to increase transparency and comparability among organizations related to leases. Lessees will be required to recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. FASB retained the dual model for lease classification, requiring leases to be classified as finance or operating leases for the purposes of determining recognition in the statements of operations and cash flows. However, substantially all leases will be required to be recognized on the balance sheet. Lessor accounting is largely unchanged from the current model. This update will also require quantitative and qualitative disclosures regarding key information and leasing arrangements. The standards update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The transition will require application at the beginning of the earliest comparative period at the time of adoption. We have elected not to early adopt ASU 2016-02 and are assessing the effect the standard will have on our financial statements.

In August 2016, the FASB issued ASU 2016-15, with new guidance on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in the standards update provide guidance on eight specific cash flow issues. The standards update is effective retrospectively for fiscal years and interim periods beginning after December 15, 2018 for non-public business entities, with early adoption permitted. We have elected not to early adopt

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

ASU 2016-15 and will assess whether it is applicable depending on the specific transactions occurring in the year of implementation.

In August 2016, the FASB issued ASU 2016-14, with new guidance intended to improve the current net asset classification requirements and information presented in the financial statements and notes about an NFP's liquidity, financial performance, and cash flows. The improvements will simplify the classification of net assets, reducing complexities and costs for preparers and users of the financial statements. They will also enhance disclosures on the general management and allocation of an NFP's resources, improving the usefulness of information provided to users of an NFP's financial statements. The standards update is effective retrospectively for annual financial statements issued for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2018. We have elected not to early adopt ASU 2016-14, but expect that it will not have a material effect our financial statements.

Reclassification

Certain amounts previously reported in the financial statements for the prior year have been reclassified to conform with the current year classifications. Specifically, a portion of website expense has been allocated to the support services function and a portion of Six Flags-Maintenance expense has been reclassified to Six Flags-Security to more accurately represent the specific type of maintenance expense incurred.

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. At times, the balance may exceed the federally insured amount. At December 31, 2017 and 2016, IDB's cash deposits exceeded the FDIC limits by \$254,770 and \$261,913, respectively. IDB has not experienced any losses in such accounts.

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.

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

NOTE 5 - COMMITMENTS AND CONTINGENCIES

As the title to the Six Flags property is in IDB's name, the entity now has a commitment to pay for upkeep of the property. In 2008, a servitude was granted on the property, and, as the property owner of record, IDB received a check for \$112,584. This money was maintained in an Iberiabank account for several years, but IDB has since used it to cover the costs to maintain the property.

Expenses to maintain the property, which consist of security, professional fees (related to appraisal and environmental study), maintenance, insurance, legal, and marketing, amounted to \$207,913 and \$183,775 for the years ended December 31, 2017 and 2016 respectively. Any expenses exceeding the lease income from the Six Flags property (see Note 6 below) must be budgeted from the operations of IDB.

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. IDB received income related to Six Flags of \$33,500 and \$10,000, for the years ended December 31, 2017 and 2016, respectively.

IDB hired security to maintain 24-hour security at the Six Flags site in April 2016. With the constant 24-hour security service, the security personnel on an 8-hour shift will make no less than four trips through the amusement park, along with maintaining vigilance at the two main gates. Payment for this service is due upon receipt of monthly invoices. Unpaid invoices exceeding thirty days are subject to a 1.5% interest charge. The cost of this service is approximately \$500 per day. Security costs for the years ended December 31, 2017 and 2016 were \$157,619 and \$137,953, respectively.



**Required Supplementary
Information**



**The Industrial Development Board of the
City 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, 2017.

See independent auditors' report.



**Government Auditing
Standards Report**



Carr, Riggs & Ingram, LLC
111 Veterans Boulevard,
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

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

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 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 Statement of Financial Position as of December 31, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2018.

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.

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 IDB’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 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*.

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.

Car, Riggs & Ingram, L.L.C.

June 29, 2018

A. SUMMARY OF AUDITORS' RESULTS

1. Type of independent auditors' report	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified	No
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

There were no findings related to the financial statements for the year ended December 31, 2017.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended December 31, 2017.



**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Summary Schedule of Prior Year Audit Findings**

A. FINDINGS RELATED TO FINANCIAL STATEMENTS

None noted.

B. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

None noted.

C. MANAGEMENT LETTER

None issued.