

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, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/2/10

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
STATEMENT OF NET ASSETS	9
STATEMENT OF ACTIVITIES	10
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND	11
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUND - GENERAL FUND TO THE STATEMENT OF NET ASSETS	12
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule-General Fund.....	34
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	35
SCHEDULE OF FINDINGS	38
SCHEDULE OF PRIOR YEAR FINDINGS	40



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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

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, 2009, which collectively comprise NOTMC's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of NOTMC's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in NOTE 1, the financial statements present only the activities of NOTMC and do not purport to, and do not, present fairly the financial position of the City of New Orleans, as of December 31, 2009, and the changes in its financial position for the year then ended in conformity 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
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major fund of **New Orleans Tourism Marketing Corporation**, as of December 31, 2009 and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Government Auditing Standards, we have also issued our report dated April 9, 2010 on our consideration of NOTMC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 to 8 and budgetary comparison information on page 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

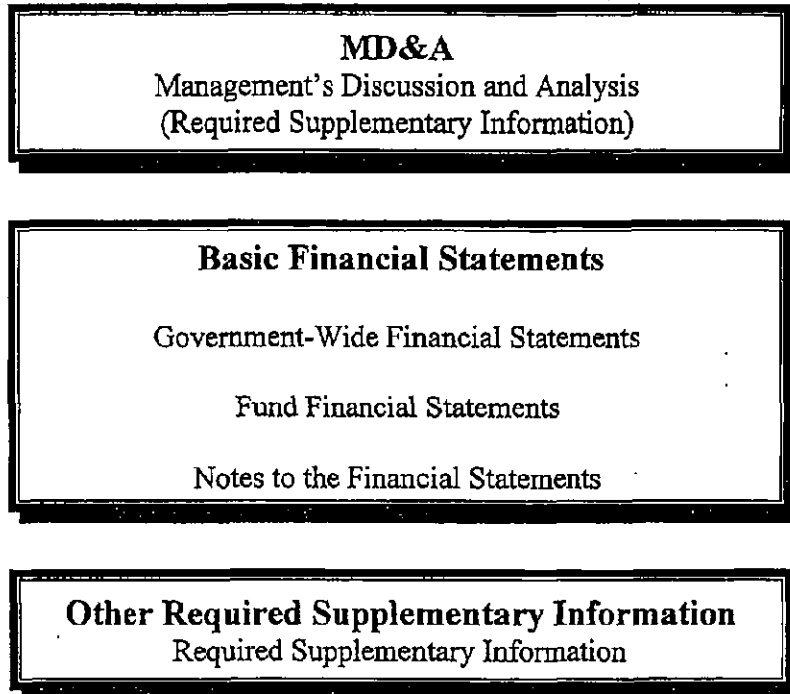
April 9, 2010



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, 2009

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, 2009.

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



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, 2009

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 Assets and the Statement of Activities.

The Statement of Net Assets 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, RTA hotel taxes, City of New Orleans base funding, Casino lease, Casino hotel agreement and other sales revenues.

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, 2009

Financial Analysis of NOTMC as a whole

Summary Statement of Net Assets

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Assets			
Current assets	\$8,466,555	\$7,954,752	\$511,803
Capital assets, net	<u>23,097</u>	<u>31,604</u>	<u>(8,507)</u>
Total assets	<u>8,489,652</u>	<u>7,986,356</u>	<u>503,296</u>
Liabilities			
Current liabilities	1,389,671	743,363	646,308
Long-term liabilities	<u>61,182</u>	<u>51,313</u>	<u>9,869</u>
Total liabilities	<u>1,450,853</u>	<u>794,676</u>	<u>656,177</u>
Net Assets			
Invested in capital assets	23,097	31,604	(8,507)
Unrestricted	<u>7,015,702</u>	<u>7,160,076</u>	<u>(144,374)</u>
Total net assets	<u>\$7,038,799</u>	<u>\$7,191,680</u>	<u>\$ (152,881)</u>

As indicated by the statement above, in 2009 total net assets are \$7,038,799, which represents a 2% decrease over 2008. In 2009, total assets, which consist of 99.7% in current assets and .3% in capital assets, increased by \$503,296 or 6% from \$7,986,356 to \$8,489,652 primarily due to the combination of an increase in taxes receivable from the City of New Orleans and RTA of a total of approximately \$1,130,000 and a decrease in cash of approximately \$610,000.

Total liabilities increased by \$656,177 or 83% due to an increased amount of marketing accounts payable at December 31, 2009.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$143,936, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$120,839.

The remaining \$7,015,702 in net assets is unrestricted. The unrestricted net assets balance is an accumulation of prior years' operating results. This balance is directly affected by NOTMC's operating results each year.

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, 2009

Results of Operations

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenues			
Base Funding-City of New Orleans	\$1,000,000	\$ 1,000,000	\$ -0-
Federal Grant	-0-	3,810,609	(3,810,609)
Hotel/Motel Taxes	3,783,393	3,738,410	44,983
RTA Hotel Taxes	2,345,258	2,499,152	(153,894)
Casino City Lease Agreement	1,000,000	1,000,000	-0-
Casino Hotel Agreement	1,000,000	1,000,000	-0-
Other Revenue	87,641	141,701	(54,060)
Interest Income	<u>6,795</u>	<u>97,291</u>	<u>(90,496)</u>
Total Revenues	<u>9,223,087</u>	<u>13,287,163</u>	<u>(4,064,076)</u>
Expenses			
Provisions of Funding to Outside Agencies	2,688,558	2,757,319	(68,761)
Special Events	150,000	214,598	(64,598)
Marketing	6,112,428	9,519,653	(3,407,225)
General and Administrative	410,545	412,267	(1,722)
Depreciation	12,334	13,977	(1,643)
Bad Debt Expense	<u>2,103</u>	<u>-0-</u>	<u>2,103</u>
Total Expenses	<u>9,375,968</u>	<u>12,917,814</u>	<u>(3,541,846)</u>
Increase (Decrease) in Net Assets	<u>\$ (152,881)</u>	<u>\$ 369,349</u>	<u>\$ (522,230)</u>

Changes in NOTMC's revenues are reflected in the statement above. In 2009, total revenues decreased by \$4,064,076 or about 31%, which is primarily due to a combination of no federal Community Development Block Grant (CDBG) funds and less tax revenues. Overall expenses decreased by \$3,541,846. This decrease in expenses is primarily due to the loss of the CDGB funding. NOTMC appropriately decreased spending due to the loss of those funds. The above statement shows how the \$522,230 decrease in net assets occurred for 2009.

During 2009, NOTMC incurred legal fees and professional service fees for research that had not been included in the 2009 fiscal year budget. These additional expenses contributed significantly to the above decrease in net assets of \$152,881.

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, 2009

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, unreserved 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, 2009 fiscal year, NOTMC's general fund reported ending unreserved fund balance of \$7,076,884, a decrease of \$134,505 in comparison to the prior year. Of the unreserved fund balance, the Board of Directors has designated the following for subsequent year's expenditures and other uses:

Purpose	Amount
2010 Marketing expenditures	\$3,641,000
2010 Summer convention fund	50,000
Legal fees	75,000
Reserve for administrative costs	500,000
Reserve for emergency marketing costs	<u>1,000,000</u>
Total	<u>\$5,266,000</u>

Capital Assets

At December 31, 2009, NOTMC has \$23,097 invested in furniture and equipment.

Assets	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 143,936	\$140,109
Less accumulated depreciation	<u>(120,839)</u>	<u>(108,505)</u>
Net capital assets	<u>\$ 23,097</u>	<u>\$ 31,604</u>

Depreciation expense for the year is \$12,334.

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, 2009

Economic Factors and Next Year's Budget

The major factor affecting the budget is the economy and its effect on the tourism industry. The NOTMC's budget is greatly affected by the amount of tax revenues received from the Hotel/Motel Occupancy Privilege Tax and RTA Hotel Tax. The world climate relating to public safety and homeland security also influences the consumer's confidence in the travel industry. New Orleans has fared well during past times of economic crisis and NOTMC will continue to be conservative in its estimations in order 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 the end of fiscal to which the budget applies. NOTMC did amend its 2009 original budget.

Revenue Budgets

NOTMC's actual general fund revenues of \$9,223,087 were more than the budget by \$100,747.

Expenditures Budgets

NOTMC's actual general fund expenditures of \$9,357,592 were more than budgeted expenditures by \$16,229.

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 Ms. Sandra S. Shilstone, President & CEO, New Orleans Tourism Marketing Corporation, 365 Canal Street, Suite 1120, New Orleans, LA. 70130.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Current Assets:	
Cash (NOTES 2(F) and 3)	\$ 5,906,562
Hotel/motel taxes receivable	1,126,495
RTA hotel taxes receivable	1,093,332
Base funding receivable	250,000
Other receivables	86,886
Prepaid expenses	<u>3,280</u>
Total current assets	8,466,555
Noncurrent Assets:	
Capital assets (NOTE 5)	143,936
Less accumulated depreciation (NOTE 5)	<u>(120,839)</u>
Total noncurrent assets	<u>23,097</u>
Total assets	<u>8,489,652</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	88,230
Due to outside agencies, net (NOTE 12)	<u>1,301,441</u>
Total current liabilities	<u>1,389,671</u>
Noncurrent liabilities:	
Compensated absences (NOTE 6)	<u>61,182</u>
Total liabilities	<u>1,450,853</u>
NET ASSETS	
Invested in capital assets	23,097
Unrestricted	<u>7,015,702</u>
Total net assets	<u>\$ 7,038,799</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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Expenses</u>	Program <u>Revenues</u> Operating Grants and <u>Contributions</u>	<u>Net (Expenses)</u> Revenues and Change In <u>Net Assets</u>
FUNCTIONS			
Governmental Activities:			
Provision of funding to outside agencies (NOTES 7 AND 12)	\$2,688,558	\$ -0-	\$(2,688,588)
Agency and related fees	809,315	-0-	(809,315)
Summer/general media	2,071,924	-0-	(2,071,924)
Multicultural/Essence event	257,613	-0-	(257,613)
Production	204,420	-0-	(204,420)
Broadcast projects and promotions	1,012,227	-0-	(1,012,227)
Research	187,500	-0-	(187,500)
Christmas media	336,255	-0-	(336,255)
Inactive marketing	1,048,567	-0-	(1,048,567)
General and administrative	410,545	-0-	(410,545)
Fulfillment	60,607	-0-	(60,607)
Unallocated depreciation	12,334	-0-	(12,334)
Special events	150,000	-0-	(150,000)
Summer convention	124,000	-0-	(124,000)
Bad debt expense (NOTE 11)	<u>2,103</u>	<u>-0-</u>	<u>(2,103)</u>
Total	<u>\$9,375,968</u>	<u>\$ -0-</u>	<u>(9,375,968)</u>
General Revenues:			
Base funding - City of New Orleans (NOTE 4)	1,000,000		
Hotel/motel taxes (net of collection fees) (NOTE 4)			3,783,393
TA hotel taxes (NOTE 4)			2,345,258
Casino City lease agreement (NOTE 4)			1,000,000
Casino hotel agreement (NOTE 4)			1,000,000
Other revenue (NOTE 4)			87,641
Interest income			<u>6,795</u>
Total general revenues			<u>9,223,087</u>
Change in net assets			(152,881)
Net assets, beginning of year			<u>7,191,680</u>
Net assets, end of year			<u>\$ 7,038,799</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)
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2009

ASSETS

Cash	\$ 5,906,562
Hotel/motel taxes receivable	1,126,495
RTA hotel taxes receivable	1,093,332
Base funding receivable	250,000
Other receivables	86,886
Prepaid expense	<u>3,280</u>
Total assets	<u>\$ 8,466,555</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	\$ 88,230
Due to outside agencies, net	<u>1,301,441</u>
Total liabilities	<u>1,389,671</u>

Fund Balance:

Unreserved - designated (NOTE 13)	5,266,000
Unreserved - undesignated	<u>1,810,884</u>
Total fund balance	<u>7,076,884</u>
Total liabilities and fund balance	<u>\$ 8,466,555</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 THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

Total fund balance-Governmental Fund	\$ 7,076,884
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund (NOTE 5):

The cost of capital assets is	\$143,936	
Accumulated depreciation is	<u>(120,839)</u>	23,097

Long-term liabilities are not due and payable in the current period therefore are not reported in the governmental fund (NOTE 6):

Compensated absences	<u>(61,182)</u>
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Net assets of governmental activities	<u>\$ 7,038,799</u>
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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, 2009

REVENUES

Base funding - City of New Orleans	\$1,000,000
Hotel/motel taxes (net of collection fees)	3,783,393
RTA hotel taxes	2,345,258
Casino City lease agreement	1,000,000
Casino hotel agreement	1,000,000
Other revenue	87,641
Interest income	<u>6,795</u>
Total revenues	<u>9,223,087</u>

EXPENDITURES

Provision of funding to outside agencies	2,688,558
Agency and related fees	809,315
Summer/general media	2,071,924
Multicultural/Essence events	257,613
Production	204,420
Broadcast projects and promotions	1,012,227
Research	187,500
Christmas media	336,255
Interactive marketing	1,048,567
General and administrative	400,676
Fulfillment	60,607
Marketing technologies	3,827
Special events	150,000
Summer convention	124,000
Bad debt expense	<u>2,103</u>
Total expenditures	<u>9,357,592</u>
Net change in fund balance	(134,505)
Fund balance, beginning of year	<u>7,211,389</u>
Fund balance, end of year	<u>\$7,076,884</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, 2009

Total net change in fund balance - Governmental Fund \$ (134,505)

Amounts reported for governmental activities in the
Statement of Activities are different because:

The Governmental Fund reported capital outlays as
expenditures whereas in the Statement of Activities,
these cost are depreciated over their estimated lives:

Depreciation expense (NOTE 5)	(12,334)
Capital outlays (NOTE 5)	3,827

Long-term compensated absences are reported in the
Government-Wide 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)

(9,869)

Change in net assets of governmental activities

\$ (152,881)

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 - Organizations and Operations:

New Orleans Tourism Marketing Corporation (NOTMC) was organized January 1, 1990. 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;

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 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/Motel Association;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Multicultural Tourism Network, Inc.;
- 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.

NOTMC commenced operation on May 1, 1991.

The accounting and reporting policies of **NOTMC** conform to accounting principles generally accepted in the United States of America as applicable to governmental bodies.

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:

The following is a summary of the significant policies followed in the preparation of these financial statements.

A) Implementation of Governmental Accounting Standards Board Statements

During the fiscal year 2002, NOTMC adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2009, NOTMC had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

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:

A) Implementation of Governmental Accounting Standards Board Statements, Continued

The Statement of Activities - demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

B) 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.

C) 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 funds of NOTMC are classified as governmental.

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) Funds, Continued

The governmental fund's accounts for all of NOTMC's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the funds 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. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to NOTMC.

D) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets 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:

D) 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*.

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 changes 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 governmental-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.

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) Measurement Focus/Basis of Accounting, Continued

Fund Financial Statements (FFS), Continued

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, 2009, the general fund is the only major fund of **NOTMC**.

Governmental funds and the agency fund 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 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:

E) 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.

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) Cash

Cash includes amounts in interest-bearing demand 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.

G) 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.

H) Income Taxes

NOTMC is exempt from taxation under Section 501(a) of the Internal Revenue Code.

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 \$500 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:

I) 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 ten (10) 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.

NOTE 3 - Cash:

NOTMC had cash in demand deposit accounts totaling \$5,906,562 (book balances) at December 31, 2009.

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.

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

NOTE 3 - Cash, Continued:

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 non-interest bearing and low-interest bearing accounts at a local bank. The FDIC provides unlimited deposit insurance coverage on these accounts through its Temporary Transaction Account Guarantee Program. This unlimited insurance coverage is temporary and will remain in effect through June 30, 2010. At December 31, 2009, NOTMC has \$4,839,983 in deposits (collected bank balances). These deposits are entirely covered by federal deposit insurance.

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

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

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

- A) Base Funding - Pursuant to New Orleans City Council Ordinance No. 18358, Base Funding for NOTMC shall be the amount of funds to be received from the City of New Orleans and/or other public or nonprofit entities, and/or private contributions.

For the year ended December 31, 2009, NOTMC earned \$1,000,000 in Base Funding.

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) 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 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, 2009, NOTMC earned \$3,738,393 (net of collection fees of \$77,212) from the Hotel Occupancy Privilege Tax.

- C) RTA Hotel Tax - As provided by the agreement for services and cooperative economic endeavor by and between the Regional Transit Authority (RTA) and NOTMC, NOTMC shall receive a sum of 40% of the first \$7,200,000 of the RTA's 1% general sales and use taxes, applied to hotels in Orleans Parish, actually received by the RTA each calendar year not to exceed \$2,880,000.

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

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

C) RTA Hotel Tax, Continued

In consideration of the payments to be made by the RTA to NOTMC, NOTMC shall perform the following marketing services:

- o Promote the use of the RTA's transit services to tourist or business travelers;
- o Consult with the RTA regarding information or promotion of the RTA's transportation services available to tourist or business travelers;
- o Assist the RTA and other agencies to secure funding for existing and proposed streetcar and lightrail projects; and
- o 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 who shall make all reasonable efforts to use such funds to feature or enhance tourism, public transportation and other goals and objectives of the agreement.

Additionally, NOTMC shall allocate and dedicate 50% of the RTA hotel tax received from RTA to the Morial Convention Center Expansion Transit Fund (the Transit Fund). The funds paid to the Transit Fund and related earnings must be used for the benefit of the Phase IV Convention Center expansion project administered by the Ernest N. Morial New Orleans Exhibition Hall Authority.

- D) Casino City Lease Agreement - According to the lease agreement among the City of New Orleans (the City) and 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.

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

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

- E) Casino Hotel Agreement - The Casino has agreed to make payments, annually, for additional marketing monies to be dedicated to NOTMC to market the entire City. These annual payments are in addition to the above amounts required by the lease agreement.
- F) Other Revenue - Other revenue includes 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.

NOTE 5 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2009 is as follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture and equipment	\$140,109	\$ 3,827	\$-0-	\$ 143,936
Accumulated depreciation	(108,505)	(12,334)	-0-	(120,839)
Net capital assets	\$ <u>31,604</u>	\$ <u>(8,507)</u>	\$ <u>-0-</u>	\$ <u>23,097</u>

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

NOTE 6 - Long-Term Debt:

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

<u>Description</u>	<u>January 1, 2009</u>	<u>Additions</u>	<u>December 31, 2009</u>
Compensated absences	<u>\$51,313</u>	<u>\$ 9,869</u>	<u>\$61,182</u>

NOTE 7 - Transactions with Outside Organizations:

Provision of Funding

According to the Council of the City of New Orleans' Ordinance (Council Ordinance) to adopt NOTMC's Tourism Promotion Program for 2009 and as provided by the RTA Hotel Tax Agreement, NOTMC provided funding to the following organizations.

	<u>RTA Hotel Tax Agreement</u>	<u>Council Ordinance</u>	<u>Total</u>
New Orleans Metropolitan Convention and Visitors Bureau	\$ -0-	\$1,076,263	\$1,076,263
New Orleans Multicultural Tourism Network, Inc.	-0-	358,755	358,755
Ernest N. Morial New Orleans Exhibition Hall Authority	1,172,629	-0-	1,172,629
Mayor's Office of Tourism and Arts	<u>80,911</u>	<u>-0-</u>	<u>80,911</u>
	<u>\$1,253,540</u>	<u>\$1,435,018</u>	<u>\$2,688,558</u>

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

NOTE 8 - Operating Lease:

NOTMC has an operating lease for office space, which expires in the 2010 fiscal year. Lease expense for the 2009 fiscal year amounted to \$60,646.

NOTE 9 - 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 10 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. NOTMC considers the carrying amounts of cash and receivables to be fair value.

NOTE 11 - Bad Debt Expense:

NOTMC has decided to write off outstanding receivables in the amount of \$2,103. These receivables related to web banner and links sales that date back to 2004. NOTMC has attempted to collect on these receivables and were unsuccessful.

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

NOTE 12- Due to Outside Agencies, Net:

At December 31, 2009, the net amount due to outside agencies is as follows:

	Amount Due To At December 31, <u>2008</u>	Provision Of Funding Expenditure At December 31, <u>2009</u>	Payments Made To Outside Agencies At December 31, <u>2009</u>	Total Net Amount Due To At December 31, <u>2009</u>
Ernest N. Morial New Orleans Exhibition Hall Authority	\$272,181	\$1,172,629	\$(594,037)	\$850,773
Mayor's Office of Tourism and Arts	18,780	80,911	(61,971)	37,720
New Orleans Metropolitan Convention and Visitors Bureau	241,834	1,076,263	(1,008,386)	309,711
New Orleans Multicultural Tourism Network, Inc.	<u>80,612</u>	<u>358,755</u>	<u>(336,130)</u>	<u>103,237</u>
Total	<u>\$613,407</u>	<u>\$2,688,558</u>	<u>\$(2,000,524)</u>	<u>\$1,301,441</u>

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

NOTE 13 - Fund Balance Designations:

Unreserved - Designated Fund Balance

Fund balance designations totaling \$5,266,000 consist of the following at December 31, 2009:

<u>Purpose</u>	<u>Amount</u>
2010 Marketing expenditures	\$3,641,000
2010 Summer convention fund	50,000
Legal fees	75,000
Reserve for administrative costs	500,000
Reserve for emergency marketing costs	<u>1,000,000</u>
Total	<u>\$5,266,000</u>

NOTE 14 - Plan of Reorganization:

NOTMC has been in discussions with the New Orleans Metropolitan Convention and Visitors Bureau, Inc. (CVB) to merge NOTMC with and into CVB. These discussions of merging the two (2) entities have occurred during the 2009 fiscal year and has continued through the date of this audit report. As a result of the merger talks, NOTMC has incurred certain legal and research expenditures in the 2009 fiscal year. As of the date of this audit report, no agreement between NOTMC and CVB has been executed relating to the merger.

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

NOTE 15 - Profit Sharing Plan:

All employees of **NOTMC** over twenty-one (21) years of age and after one (1) year of service are eligible to participate in **NOTMC 401(k) Profit Sharing Plan**. 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, 2009 was \$12,953.

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
<u>REVENUES</u>				
Base funding - City of New Orleans	\$1,000,000	\$1,000,000	\$1,000,000	\$ -0-
Hotel/Motel taxes (net of collection fees)	3,500,000	3,745,812	3,783,393	37,581
RTA hotel taxes	2,000,355	2,282,092	2,345,258	63,166
Casino City lease agreement	1,000,000	1,000,000	1,000,000	-0-
Casino hotel agreement	1,000,000	1,000,000	1,000,000	-0-
Other revenue	-0-	87,641	87,641	-0-
Interest income	<u>-0-</u>	<u>6,795</u>	<u>6,795</u>	<u>-0-</u>
Total revenues	<u>8,500,355</u>	<u>9,122,340</u>	<u>9,223,087</u>	<u>100,747</u>
<u>EXPENDITURES</u>				
Provision of funding to outside agencies	2,419,190	2,643,522	2,688,558	(45,036)
Agency and related fees	784,200	809,315	809,315	-0-
Special events	225,000	150,000	150,000	-0-
Summer/general media	4,369,524	2,069,690	2,071,924	(2,234)
Multicultural/essence events	250,000	257,613	257,613	-0-
Production	225,000	225,000	204,420	20,580
Broadcast projects and promotions	305,248	1,008,538	1,012,227	(3,689)
Research	125,000	187,500	187,500	-0-
Christmas media	100,000	348,313	336,255	12,058
Interactive marketing	1,124,619	1,043,259	1,048,567	(5,308)
General and administrative	398,938	414,006	400,676	13,330
Fulfillment	100,000	60,607	60,607	-0-
Marketing technologies	-0-	-0-	3,827	(3,827)
Summer convention	-0-	124,000	124,000	-0-
Bad debt expense	<u>-0-</u>	<u>-0-</u>	<u>2,103</u>	<u>(2,103)</u>
Total expenditures	<u>10,426,719</u>	<u>9,341,363</u>	<u>9,357,592</u>	<u>(16,229)</u>
Net change in fund balance	(1,926,364)	(219,023)	(134,505)	84,518
Fund balance, beginning of year	<u>4,720,972</u>	<u>4,720,973</u>	<u>7,211,389</u>	<u>2,490,416</u>
Fund balance, end of year	<u>\$ 2,794,608</u>	<u>\$4,501,950</u>	<u>\$7,076,884</u>	<u>\$ 2,574,934</u>

See Independent Auditors' Report on Supplementary Information.



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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 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, 2009, which collectively comprise NOTMC's basic financial statements and have issued our report thereon dated April 9, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered NOTMC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NOTMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the NOTMC's internal control over financial reporting.

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 NOTMC's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOTMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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)

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

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 9, 2010

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. **SUMMARY OF AUDITORS' RESULTS**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported** Material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **Not Applicable**
Material weaknesses: **Not Applicable**.
- D. The type of report issued on compliance for major programs: **Not Applicable**.
- E. Any audit findings which are required to be reported under section 501(a) of OMB Circular A-133: **Not Applicable**.
- F. Major program: **Not Applicable**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **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, 2009

1. **SUMMARY OF AUDITORS' RESULTS, CONTINUED**

- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **Not Applicable**.
- I. A management letter was issued: **No**.

2. **FINANCIAL STATEMENT FINDINGS**

No matters were reported.

3. **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS

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

No findings were reported.

Section II - Internal Control and Compliance Material to Federal Awards

No findings were reported.

Section III - Management Letter

No comments were reported.