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NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

NEW ORLEANS METROPOLITAN CONVENTION &
VISITORS BUREAU, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

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P&N Postlethwaite & Netterville

INDEPENDENT AUDITORS' REPORT

The Board of Directors
New Orleans Metropolitan Convention & Visitors Bureau, Inc.:

We have audited the accompanying consolidated statements of financial position of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. ("the Bureau") as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. 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 *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 read in conjunction with this report in considering the results of our audits.

Postlethwaite + Netterville

New Orleans, Louisiana
June 20, 2011

NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,886,112	$ 8,639,571
Accounts receivable	2,228,947	865,970
Receivables, State of Louisiana	3,129,373	1,567,974
Inventory	62,249	76,212
Prepaid expenses	330,920	1,110,389
Total current assets	10,637,601	12,260,116
Investments:		
Marketable securities at fair value	10,784,139	8,631,084
Property, equipment and leasehold improvements:		
Land	3,373,130	3,373,130
Building	9,156,119	9,156,119
Furniture and fixtures	1,008,449	989,714
Equipment	916,313	1,008,355
Leasehold improvements	68,928	68,928
Software	179,480	179,480
Transportation vehicles	13,477	13,477
	14,715,896	14,789,203
Less accumulated depreciation and amortization	(3,732,008)	(3,495,526)
Net property, equipment and leasehold improvements	10,983,888	11,293,677
Total assets	$ 32,405,628	$ 32,184,877
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 638,305	$ 1,444,156
Deferred revenue	125,680	62,902
Promises to give	250,000	285,591
Cash overdraft	48,890	137,110
Other accrued liabilities	54,768	439,195
Total current liabilities	1,117,643	2,368,954
Total liabilities	1,117,643	2,368,954
Net assets, unrestricted:		
Designated	6,628,040	6,871,476
Undesignated	24,659,945	22,944,447
Total net assets	31,287,985	29,815,923
Total liabilities and net assets	$ 32,405,628	$ 32,184,877

See accompanying notes to consolidated financial statements.

NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
REVENUES AND SUPPORT		
Appropriations from government agencies	$ 6,869,064	$ 5,666,762
Industry show cost-share reimbursement	171,832	992,674
Investment return (Note 3)	1,798,233	2,026,473
Membership dues	1,303,766	1,308,968
Hotel occupancy privilege tax and downtime funding	1,029,554	1,200,263
Other revenue	440,803	442,777
Staffing services reimbursement	543,615	620,716
Disaster relief funding	5,000,000	-
State of Louisiana Co-op supplemental appropriation	-	1,750,000
Louisiana Office of Tourism Support	495,300	495,300
Total revenues and support	17,652,167	14,503,933
EXPENSES		
Program services:		
Convention sales and services	5,654,207	6,904,246
Tourism promotion	5,301,584	1,328,445
Tourism promotion funded through privilege tax and downtime funding	838,099	1,026,717
Communication and public relations	1,756,333	941,634
Member services	189,725	220,161
Information services	351,505	213,731
Supporting services:		
Welcome Center Building, L.L.C.	241,295	242,831
General and administration	1,847,357	2,002,906
Total expenses	16,180,105	12,880,671
Changes in net assets	1,472,062	1,623,262
NET ASSETS - BEGINNING OF YEAR	29,815,923	28,192,661
NET ASSETS - END OF YEAR	$ 31,287,985	$ 29,815,923

See accompanying notes to consolidated financial statements.

NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 1,472,062	$ 1,623,262
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	334,743	354,238
Loss on disposal of equipment	2,416	-
Unrealized gain on investment securities	(1,579,328)	(2,194,166)
Decrease (increase) in accounts receivable	(2,924,376)	525,978
Decrease in inventory	13,963	5,720
Decrease (increase) in prepaid expenses	779,469	(257,999)
Increase (decrease) in accounts payable	(805,850)	681,333
Increase (decrease) in deferred revenue	62,778	(1,767,645)
Increase(decrease) in promises to give	(35,591)	35,591
Increase (decrease) in other accrued liabilities	(384,427)	335,715
Net cash used in operating activities	(3,064,141)	(657,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment securities	3,940,851	2,623,108
Purchases of investment securities	(4,514,578)	(2,494,507)
Capitalization and acquisition of property	(27,371)	(23,055)
Net cash provided by (used in) investing activities	(601,098)	105,546
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in cash overdraft	(88,220)	(177,247)
Net cash used in financing activities	(88,220)	(177,247)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,753,459)	(729,674)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	8,639,571	9,369,245
END OF YEAR	$ 4,886,112	$ 8,639,571

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

History and Organization

The New Orleans Metropolitan Convention & Visitors Bureau, Inc. (the Bureau) is a private, non-profit 501(c)(6) organization dedicated to promoting the Greater New Orleans area as a destination for trade shows, conventions, tour groups and individual travelers. During 1999, the Bureau organized the Welcome Center Building, L.L.C., to purchase and manage the property at the location of its operating center. The center opened and began operating in June 2003. Since the Bureau is the sole member of the Welcome Center Building, L.L.C., the entity is disregarded from its owner for income tax purposes.

The accompanying consolidated financial statements include the accounts of the Bureau and its wholly-owned subsidiary, the Welcome Center Building, L.L.C. In consolidation, significant inter-company accounts and transactions have been eliminated.

Basis of Accounting and Presentation

The consolidated financial statements of the Bureau are presented on the accrual basis of accounting. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Bureau and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Bureau and/or the passage of time. Currently, the Bureau has no time or purpose-restricted assets.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Bureau pursuant to those stipulations. Currently, the Bureau has no permanently restricted assets.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits, money market accounts and certificates of deposit of three months or less.

Investments

Investments, consisting of common stocks, real estate investment trusts, Exchange Traded Note, fund of funds and mutual funds, are recorded at market value. Unrealized gains and losses on investments in common stocks, real estate investment trusts, and mutual funds with readily determinable fair values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

(1) Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at the amount the Bureau expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Inventory

Inventory consisting of maps and brochures is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

Property, Equipment and Leasehold Improvements

Property and equipment are stated at cost, less an allowance for accumulated depreciation. Additions, improvements and betterments to property and equipment in excess of $1,000 which extends its useful life or increase its carrying value are capitalized.

Expenditures for maintenance, repairs and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books and any resulting gain or loss is credited to or charged against the current period's change in net assets.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Depreciation expense is $334,743 and $354,238 for the years ended December 31, 2010 and 2009, respectively. The estimated useful lives used in computing depreciation are as follows:

Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	5 to 10 years
Vehicle	5 years

Vacation and Sick Pay

All full time regular employees are eligible for up to ten days of paid vacation after one year of service, and up to fifteen days after five years of service. Paid vacation hours are determined by employment anniversary date, adjusted by any leave of absence. Vacation and sick time unused at the end of the anniversary date is lost. Upon termination, unused vacation time only is paid.

NEW ORLEANS METROPOLITAN CONVENTION & VISITORS BUREAU, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Non-Direct Response Advertising

The Bureau expenses advertising costs as incurred. Advertising expenses charged to operations totaled $4,373,735 and $1,268,459 in 2010 and 2009, respectively.

Deferred Revenue

Membership dues revenue is recognized when earned over the membership period. Advertising revenue billed in advance is deferred and recorded as income in the period in which the related services are provided.

Income Taxes

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Bureau may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Bureau and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2010 and 2009.

The Bureau's tax returns for the years ended December 31, 2009, 2008 and 2007 remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2010 has not been filed.

Revenue

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent

(1) Summary of Significant Accounting Policies, (continued)

Revenue (continued)

explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Use of Estimates

Management of the Bureau has made estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(2) Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts at various financial institutions in the Greater New Orleans area, which, at times, may exceed federally insured limits. At December 31, 2010 and 2009, the Bureau's bank balances exceeded the insured limits by $977,472 and $8,089,722, respectively.

(3) Investments

The fair market value of investments is as follows at December 31:

	2010	2009
Common Stocks	$ 6,699,205	$ 4,746,274
Real Estate Investment Trust	623,857	1,063,949
Exchange Traded Note	662,468	-
Fund of Funds	1,428,759	1,329,527
Mutual Funds	1,369,850	1,491,334
	$ 10,784,139	$ 8,631,084

The Exchange Traded Note of $662,468 held at December 31, 2010 is linked to the performance of a market benchmark or strategy, in this case the Rogers International Commodity Index. When held to maturity, the Bureau will receive a cash payment that is linked to the performance of the corresponding index during the period beginning on the trade date and ending at maturity. The Bureau may liquidate the investment prior to the maturity date by trading them on the exchange or by redeeming a large block of securities directly with the issuing bank. Since Exchange Traded Notes are unsecured, unsubordinated debts, they are not rated, but are backed by the credit of the underwriting bank.

(3) Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

		2010		2009
Dividends and interest	$	218,905	$	267,245
Net unrealized and realized gains		1,579,328		1,759,228
Total return on investments	$	1,798,233	$	2,026,473

(4) Fair Value Measurements

The Bureau uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Generally Accepted Accounting Principles (GAAP) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date. GAAP also establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. These levels are as follows:

- *Level 1* – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2* -- Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3* –Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value:

- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Real Estate Investment Trust (REIT)*: REITs (if publicly held) are valued at the closing price reported on the active market on which they are actively traded or using the NAV (Net Asset Value).
- *Exchange Traded Notes:* Valued at the closing price reported on the active market on which the note is traded.
- *Fund of funds:* Valued at the proportionate share of the investment in the partnership which is based on the GAAP investments maintained by the partnership and the valuation of the underlying assets.

(4) Fair Value Measurements (continued)

- *Mutual Funds:* Mutual funds are priced at NAV (Net Asset Value) which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares. The NAV is calculated on a daily basis by the fund's administrator

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Bureau believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result *in a different fair value measurement at the reporting date.*

The following table sets forth by level, within the fair value hierarchy, the Bureau's assets at fair value as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Common stocks				
Basic materials	$ 52,092	$ -	$ -	$ 52,092
Consumer goods	635,541	-	-	635,541
Energy	247,641	-	-	247,641
Financials	549,687	-	-	549,687
Healthcare	500,832	-	-	500,832
Industrials	391,764	-	-	391,764
Information technology	311,619	-	-	311,619
Materials	74,245	-	-	74,245
Business services	294,563	-	-	294,563
Utilities	102,743	-	-	102,743
Technology	451,535	-	-	451,535
Foreign ordinary equity	3,086,944	-	-	3,086,944
Total common stocks	6,699,206	-	-	6,699,206
Real estate investment trusts	623,857	-	-	623,857
Exchange Traded Note	662,468	-	-	662,468
Fund of funds	-	1,428,758	-	1,428,758
Mutual funds				
Intermediate term bond	1,043,324	-	-	1,043,324
Inflation protected bond	326,526	-	-	326,526
Total mutual funds	1,369,850	-	-	1,369,850
Total investments at fair value	$ 8,692,913	$ 2,091,226	$ -	$ 10,784,139

(4) Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Bureau's assets at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 4,746,274	$ -	$ -	$ 4,746,274
Real estate investment trusts	1,063,949	-	-	1,063,949
Fund of funds	-	1,329,527	-	1,329,527
Mutual funds	1,491,334	-	-	1,491,334
	$ 7,301,557	$ 1,329,527	$ -	$ 8,631,084

(5) Net Assets

Board-designated unrestricted net assets are designated to support the following, as of December 31:

	2010	2009
Hotel occupancy privilege tax and downtime funding	$ 2,075,820	$ 1,922,845
Future conventions	4,517,345	4,902,131
Other	34,875	46,500
	$ 6,628,040	$ 6,871,476

Funds provided by the New Orleans Tourism Marketing Corporation are designated for tourism promotion.

The Bureau has arrangements with the State of Louisiana to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 10 of the 2009 and Act 11 of the 2010 Regular Legislative Session provides for an annual appropriation of up to $7,000,000. The actual appropriation provided in 2010 and 2009 was $6,869,064 and $5,666,762 respectively.

(6) 401(k) Plan

The Bureau offers full-time employees who have completed sixty days of continuous service participation in its 401k plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions up to 50% of the elective deferral of each employee, to a maximum of 3% of the participant's compensation. Matching contributions for the years ended December 31, 2010 and 2009 were $87,553 and $96,223, respectively.

(7) Donated Services (Unaudited)

The Bureau has received a significant amount of non-professional donated services from various businesses in and around Greater New Orleans. These services were used in programs designed to promote the local tourism market. Management estimates that approximately $495,225 and $1,998,820 of donated services were received in 2010 and 2009, respectively. However, these services do not meet all of the applicable requirements of ASC 105-985, therefore, no amounts have been reflected in the consolidated financial statements for these donated services.

(8) Commitments and Contingencies

Operating Leases

In addition, the Bureau leases office equipment and vehicles under various leases with expiration dates. Minimum future rentals are as follows:

2011	$	36,532
2012		31,569
2013		23,034
2014		3,132
2015		600
Thereafter		31,800
	$	126,667

Rent expense in 2010 and 2009 totaled $55,373 and $87,078, respectively.

Other Commitments and Contingencies

The Bureau is involved in claims and legal proceedings. When it appears probable in management's judgment that the Bureau will incur monetary damages or other costs in connection with claims and proceedings, and the costs can be reasonably estimated, appropriate liabilities are recorded. While the results are uncertain, management believes that the ultimate disposition of such proceedings will not have a materially adverse effect on the Bureau's financial statements.

The oil spill in the Gulf of Mexico as a result of the Deepwater Horizon oil rig explosion on April 20, 2010 may have an impact on the tourism industry in New Orleans in future years, which may therefore impact the Bureau's revenues.

(9) Promises to Give

The Bureau entered into an agreement with The Essence Festival, LLC in 2002 to fund $125,000 annually ending in 2007. This amount was increased to $250,000 in 2007 for future year events. The remaining liability as of December 31, 2010 and 2009 was $250,000 and $285,591, respectively, and is recorded as a current liability in the consolidated statements of financial position.

(10) Cooperative Endeavor Agreement

The Bureau entered into Cooperative Endeavor Agreements with the Department of the Treasury for the State of Louisiana for the period June 2007 through June 30, 2009. The purpose of the agreements was to fund certain eligible activities and supplement the Bureau's budget as they continued marketing the New Orleans region as a premier visitor and convention destination. The hotel/motel tax collections which are the primary source of funding for the Bureau remain approximately $750,000 less than collections in 2004. Included in the consolidated statements of activities in State of Louisiana Co-op Appropriations is $0 and $1,750,000 for the years ended December 31, 2010 and December 31, 2009, respectively.

The Bureau renewed its Cooperative Endeavor Agreement with the Louisiana Office of Tourism for oversees representation. The Bureau operates four international tourism offices in the United Kingdom, Germany, France, and Mexico on behalf of the state of Louisiana to promote tourism to the state. The Louisiana Office of Tourism reimburses the Bureau for 65% of the cost of marketing and operations at these foreign offices with a maximum reimbursement of $495,300 for the year ended December 31, 2010. Included in special tourism support on the consolidated statements of activities is $495,300 and $495,300 for the years ended December 31, 2010 and December 31, 2009, respectively, relating to this funding.

(11) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 20, 2011, and determined the following events require disclosure.

On January 24, 2011, the Bureau's members voted to change the official name of the Bureau to New Orleans Metropolitan Convention & Visitors Bureau.

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 Members of the Board
New Orleans Metropolitan Convention & Visitors Bureau, Inc.:

We have audited the financial statements of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. (the Bureau) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. 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 the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

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

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 the Bureau'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 that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the audit committee, management of the Bureau and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

New Orleans, Louisiana
June 20, 2011

P&N