

**GREATER NEW ORLEANS, INC.,
AND AFFILIATE**
**CONSOLIDATED FINANCIAL STATEMENTS
AND
REPORT TO BOARD**

December 31, 2012 and 2011

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 OCT 23 2013

GREATER NEW ORLEANS, INC ,
AND AFFILIATE

CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-14
Supplementary Information	
Consolidating Schedules of Expenses	15
Consolidating Statements of Financial Position	16-17
Consolidating Statements of Activities	18-19
Report to Board	20-21
OMB Circular A-133 Compliance and Government Auditing Standards Reports	
Independent Auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditors' report on compliance for each major federal program and report on internal control over compliance required by OMB Circular A-133	24-25
Schedule of expenditures of federal awards for the year ended December 31, 2012	26
Notes to the schedule of expenditures of federal awards for the year ended December 31, 2012	27
Schedule of Findings and Questioned Costs	28

CLIFTON W NEWLIN
ROBERT D WATKINS
EDWARD G BERBUESSE, JR
JON S FOLSE



WEGMANN DAZET & COMPANY

MARK D BOHNET
LISA D ENGLADE
KERNEY F CRAFT, JR
JONATHAN P KOENIG

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater New Orleans, Inc and its affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation (both nonprofit organizations), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 consolidated financial statements.

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

WEGMANN DAZET & COMPANY | A PROFESSIONAL CORPORATION | CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS AICPA PRIVATE COMPANIES PRACTICE SECTION | AN INDEPENDENT MEMBER OF THE 800 SEIDMAN ALLIANCE
NEW ORLEANS OFFICE | 111 VETERANS BLVD | SUITE 800 | METAIRIE | LA 70005
NORTHSHORE OFFICE | 109 NEW CAMELLIA BLVD | SUITE 106 | COVINGTON | LA 70433
(504) 837 8844 | FAX (504) 837-0856 | WWW.WDCO.BIZ

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation, as of December 31, 2012 and 2011, 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

Other Matters

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The 2012 and 2011 consolidating schedule of expenses, consolidating statements of financial position and the consolidating statements of activities on pages 15 – 19 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and in our opinion is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2013 on our consideration of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants 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* in considering Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's internal control over financial reporting and compliance.

June 6, 2013



GREATER NEW ORLEANS, INC , AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,170,533	\$ 1,936,021
Certificate of deposits	38,336	38,139
Accounts receivable	805,152	755,251
Other current assets	18,915	769
Total current assets	<u>3,032,936</u>	<u>2,730,180</u>
Property and equipment, at cost less accumulated depreciation	11,974	19,175
Deposits	<u>15,713</u>	<u>10,713</u>
Total assets	<u>\$ 3,060,623</u>	<u>\$ 2,760,068</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 494,031	\$ 479,926
Accrued payroll liabilities	154,460	116,445
Other current liabilities	-	11,476
Current portion of long-term debt	51,027	59,557
Total current liabilities	<u>699,518</u>	<u>667,404</u>
Long-term debt, less current portion	<u>11,253</u>	<u>61,907</u>
Total liabilities	<u>710,771</u>	<u>729,311</u>
NET ASSETS		
Net assets		
Unrestricted	850,618	914,754
Temporarily restricted	1,499,234	1,116,003
Total net assets	<u>2,349,852</u>	<u>2,030,757</u>
Total liabilities and net assets	<u>\$ 3,060,623</u>	<u>\$ 2,760,068</u>

See accompanying Notes to Consolidated Financial Statements

GREATER NEW ORLEANS, INC , AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Investor contributions	\$ 1,967,916	\$ 1,075,000	\$ 3,042,916
Sponsorship	2,500	69,583	72,083
NORLI	-	139,349	139,349
Grants	2,119,782	285,000	2,404,782
Management fees	106,161	-	106,161
Interest income	1,919	-	1,919
Other income	146,183	700	146,883
Net assets released from restrictions	<u>1,186,401</u>	<u>(1,186,401)</u>	<u>-</u>
Total revenues	<u>5,530,862</u>	<u>383,231</u>	<u>5,914,093</u>
Expenses			
Program services			
Grants	2,909,468	-	2,909,468
Initiatives	457,766	-	457,766
Public	89,984	-	89,984
Business development	560,490	-	560,490
Communications	52,371	-	52,371
Supporting services			
General and administrative	<u>1,524,919</u>	<u>-</u>	<u>1,524,919</u>
Total expenses	<u>5,594,998</u>	<u>-</u>	<u>5,594,998</u>
Change in net assets	(64,136)	383,231	319,095
Net assets			
Beginning of year	<u>914,754</u>	<u>1,116,003</u>	<u>2,030,757</u>
End of year	<u><u>\$ 850,618</u></u>	<u><u>\$ 1,499,234</u></u>	<u><u>\$ 2,349,852</u></u>

See accompanying Notes to Consolidated Financial Statements

GREATER NEW ORLEANS, INC
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues			
Investor contributions	\$ 2,089,594	\$ -	\$ 2,089,594
Sponsorship	2,483	-	2,483
NORLI	-	138,317	138,317
Grants	1,820,018	301,000	2,121,018
Management fees	175,473	-	175,473
Interest income	1,714	-	1,714
Other income	318,310	-	318,310
Net assets released from restrictions	839,801	(839,801)	-
Total revenues	5,247,393	(400,484)	4,846,909
Expenses			
Program services			
Grants	1,877,728	-	1,877,728
Initiatives	132,125	-	132,125
Public	132,257	-	132,257
Business development	438,395	-	438,395
Communications	54,998	-	54,998
Supporting services			
General and administrative	1,987,692	-	1,987,692
Total expenses	4,623,195	-	4,623,195
Change in net assets	624,198	(400,484)	223,714
Net assets			
Beginning of year	290,556	1,516,487	1,807,043
End of year	\$ 914,754	\$ 1,116,003	\$ 2,030,757

See accompanying Notes to Consolidated Financial Statements

GREATER NEW ORLEANS, INC , AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 319,095	\$ 223,714
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	7,201	6,715
(Increase) decrease in operating assets		
Accounts receivables	(49,901)	(179,334)
Other receivables	(248)	(262)
Other current assets	(17,898)	(507)
Other noncurrent assets	(5,000)	-
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	52,120	349,023
Other current liabilities	(11,476)	(141,873)
Net cash provided by operating activities	<u>293,893</u>	<u>257,476</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(19,488)
Purchase of investments, net	(197)	(165)
Net cash used by investing activities	<u>(197)</u>	<u>(19,653)</u>
Cash flows from financing activities		
Borrowings under line of credit	-	(133)
Repayments of long-term debt	(59,184)	(44,582)
Net cash used by financing activities	<u>(59,184)</u>	<u>(44,715)</u>
Net increase	234,512	193,108
Cash and cash equivalents at beginning of year	<u>1,936,021</u>	<u>1,742,913</u>
Cash and cash equivalents at end of year	<u>\$ 2,170,533</u>	<u>\$ 1,936,021</u>

See accompanying Notes to Consolidated Financial Statements

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

1) Nature of activities

Greater New Orleans, Inc (GNO, Inc) is a non-profit corporation formed in January 2004 to spearhead economic development for the ten-parish Greater New Orleans region, which accounts for about one-third of Louisiana's economy In collaboration with government, business and industry, and civic leaders, GNO, Inc 's professional economic development staff works to create jobs in Southeast Louisiana, market the parishes to companies seeking to expand or relocate, and retain and grow existing businesses

GNO, Inc 's affiliate, Greater New Orleans Development Foundation (the Foundation) was created to provide support to the charitable, scientific and educational programs initiated and implemented by GNO, Inc

2) Summary of significant accounting principles

Significant accounting policies followed by the companies are summarized below

a) Financial statement presentation

GNO, Inc 's and the Foundation's policy is to prepare its consolidated financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred

b) Basis of consolidation

The consolidated financial statements include the accounts of Greater New Orleans, Inc and its affiliate Greater New Orleans Development Foundation The Board of Directors of the Foundation consists of the eight members including the current Chairman of the Board of GNO, Inc , up to 4 of the immediate past Board Chairman of GNO, Inc and three additional directors, none of whom is an incumbent member of the Board of Directors of GNO, Inc but all of whom are appointed by the chairman of the board of GNO, Inc GNO, Inc and the Foundation share common facilities and personnel All material inter-organization transactions have been eliminated

c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents

d) Accounts receivable

GNO, Inc and the Foundation write off uncollectible accounts as they are identified GNO, Inc 's estimate for the allowance for doubtful accounts is based on a review of the current status of accounts receivable Accounts receivable for GNO, Inc is presented net of an allowance for doubtful accounts of \$70,000 and \$25,000 as of December 31, 2012 and 2011, respectively No allowance for uncollectible accounts has been provided for the Foundation, as management has evaluated the accounts and believes they are all collectible

e) Use of estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

2) Summary of significant accounting principles (continued)

f) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are

	<u>Useful Lives</u>
Furniture and fixtures	5 to 8 years
Equipment	5 years
Leasehold improvements	10 years

g) Certificates of deposit

Investments in certificates of deposit are stated at fair values in the statement of financial position. Investments with a maturity of less than one year are classified as current assets.

h) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

GNO, Inc and the Foundation report gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

i) Concentration of credit risk

Financial instruments that potentially subject GNO, Inc and the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. GNO, Inc and the Foundation have not experienced any losses in such accounts. GNO, Inc and the Foundation have no policy requiring collateral or other security to support its deposits.

GNO, Inc and the Foundation at times extend credit to their investors. GNO, Inc and the Foundation perform ongoing credit evaluations of its investors but generally do not require collateral to support accounts receivable.

j) Donated services

Donated services are recognized at fair market value as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals with those skills, and would otherwise be purchased.

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2012 and 2011

2) Summary of significant accounting principles (continued)

k) Advertising

GNO, Inc and the Foundation expense advertising as incurred Advertising expense was \$11,472 and \$439,208 for the years ended December 31, 2012 and 2011, respectively

l) Income taxes

GNO, Inc is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code

GNO, Inc and the Foundation adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 740, *Accounting for Uncertainty in Income Taxes*. Management of GNO, Inc and the Foundation believe there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits With few exceptions, GNO, Inc and the Foundation are no longer subject to United States federal or Louisiana state income tax examinations by tax authorities for the years before 2009

3) Property and equipment

Property and equipment is summarized as follows

	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 116,329	\$ 116,329
Equipment	52,425	52,425
Leasehold improvements	<u>25,463</u>	<u>25,463</u>
Total costs	194,217	194,217
Less accumulated depreciation	<u>182,243</u>	<u>175,042</u>
Property and equipment	<u>\$ 11,974</u>	<u>\$ 19,175</u>

4) Investments

Financial Accounting Standards Board Accounting Standards Codification 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements) The three levels of the fair value hierarchy under FASB ASC 820-10 are described below

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in inactive markets,

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

4) Investments (continued)

- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 -Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2012

	Total Fair Value Assets as of December 31,2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 38,336	\$ 38,336	\$ -	\$ -

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2011

	Total Fair Value Assets as of December 31,2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 38,139	\$ 38,139	\$ -	\$ -

5) Restrictions on net assets

GNO, Inc operates an initiative which provides services to grow leadership in the ten-parish New Orleans region Temporarily restricted net assets remaining for this initiative at December 31, 2012 and 2011 was \$- and \$71,790, respectively

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2012 and 2011

5) Restrictions on net assets (continued)

The Foundation received several temporarily restricted grants to help fund the various projects and programs. Temporarily restricted net assets as of December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Coastal Vitality Project	\$ 790,462	\$ 862,742
Strategy to enhance the economic impacts of the Energy and other Key Industry Sectors	416,635	-
Technology Workforce Access Program	47,941	-
Water Management Strategy	25,000	-
Greater New Orleans Marine Training & Certification Program	-	33,477
Report on Economic and Demographic Health	10,000	-
Green N O	-	46,994
Mott Foundation	3,813	100,000
NORLI	160,209	1,000
504ward	45,174	-
Total temporarily restricted assets	<u>\$ 1,499,234</u>	<u>\$1,044,213</u>

6) Federal financial assistance

The Foundation was awarded a grant from the U.S. Department of Commerce Economic Development Administration to execute a business outreach strategy that will educate the public that “New Orleans is Open for Business.” The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Grant Receipts	\$ 91,891	\$ 58,109
Prior Year Expenditures	13,279	-
Grant Expenditures	<u>78,612</u>	<u>71,388</u>
Due from grant at end of year	<u>\$ -</u>	<u>\$ 13,279</u>

GREATER NEW ORLEANS, INC , AND AFFILIATE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

6) Federal financial assistance (continued)

The Foundation was awarded a grant from the Office of Community Development to assist in the execution of the Resiliency Program, which is designed to provide recovery to Louisiana's most at-risk communities. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Grant Receipts	\$ 1,723,301	\$ -
Prior Year Expenditures	484,866	-
Grant Expenditures	<u>1,579,044</u>	<u>484,866</u>
Due from grant at end of year	<u>\$ 340,609</u>	<u>\$ 484,866</u>

The Foundation was awarded a grant from the Office of Community Development to assist in the activities under the Louisiana Innovation Loan and Technical Assistance Program, which is designed to provide loans to small business and entrepreneurs. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended December 31, 2012 was as follows:

	<u>2012</u>
Grant Receipts	\$ -
Grant Expenditures	<u>61,202</u>
Due from grant at end of year	<u>\$ 61,202</u>

The Foundation was awarded a grant from the U S Department of Commerce Economic Development Administration to fund a project that will build the emerging environmental industries economy in Greater New Orleans. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended December 31, 2012 was as follows:

	<u>2012</u>
Grant Receipts	\$ -
Grant Expenditures	<u>27,049</u>
Due from grant at end of year	<u>\$ 27,049</u>

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

7) Operating lease

GNO, Inc leases office space for its headquarters. The lease payments are \$12,330 through May 2015. The lease expires May 2015 and contains an option to renew for two additional five year terms. Future minimum rental payments under the lease are as follows:

<u>Year Ending</u>		<u>Amount</u>
2013	\$	147,956
2014		147,956
2015		61,648

A portion of the leased space is subleased to an unaffiliated business. The above lease expense will be offset by payments due under the sublease as follows:

<u>Year Ending</u>		<u>Amount</u>
2013	\$	12,215
2014		12,215
2015		4,072

8) Long-term debt

Long-term debt at December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
GNO, Inc, notes payable to a bank with interest ranging from 3.25% to 6.00%, secured by the assets of GNO, Inc, due in monthly installments of approximately \$5,300, including principal and interest. The notes mature at various dates through September 2014.	\$ 62,280	\$ 121,464
Total long-term debt	62,280	121,464
Less current portion	(51,027)	(59,557)
Long-term debt, less current portion	<u>\$ 11,253</u>	<u>\$ 61,907</u>

The maturities of long-term debt are as follows:

2013	\$	51,027
2014		11,253

GREATER NEW ORLEANS, INC , AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

9) Employee benefit plan

GNO, Inc maintains a 401(k) retirement plan for the benefit of all eligible employees Employer contributions to the plan are determined annually by the Board of Directors. For the years ended December 31, 2012 and 2011, GNO, Inc contributed approximately \$45,450 and \$35,415 to the plan, respectively.

10) Donated services

The value of donated services included as contributions in the consolidated financial statements and the corresponding program expenses for the year ended December 31, 2012, were travel and entertainment expenses of \$7,443, and meeting and events expense of \$21,319

The value of donated services included as contributions in the consolidated financial statements and the corresponding program expenses for the year ended December 31, 2011, were marketing expenses of \$141,300, travel and entertainment expenses of \$36,280, meeting and events expense of \$25,000 and supplies expense of \$2,647

11) Related party transactions

During 2012, GNO, Inc contracted with two law firms to provide consulting services on a monthly basis Two members of the Board of Directors are partners with these firms The combined fees paid to the law firms for the year end December 31, 2012 was \$4,833 Other services provided by companies who were associated with GNO, Inc Board of Directors totaled \$8,128 for the year ended December 31, 2012

During 2011, GNO, Inc contracted with two law firms to provide consulting services on a monthly basis Two members of the Board of Directors are partners with these firms The combined fees paid to the law firms for the year end December 31, 2011 was \$27,673 Other services provided by companies who were associated with GNO, Inc Board of Directors totaled \$33,683 for the year ended December 31, 2011.

12) Supplemental statement of cash flows information

Cash paid for interest expense was \$4,739 and \$25,605 for the years ended December 31, 2012 and 2011, respectively

On September 28, 2011, the line of credit balance of \$48,310 was refinanced as long-term debt as noted in Note 8

13) Subsequent events

Management has evaluated subsequent events through June 6, 2013, the date which the financial statements were available to be issued There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements

SUPPLEMENTARY INFORMATION

GREATER NEW ORLEANS, INC , AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATED SCHEDULES OF EXPENSES

For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Bad debt expense	\$ 95,831	\$ 101,500
Bank service charge	289	726
Contracted staff expenses	166,521	208,488
Consultants	1,776,303	870,916
Courier service	49	-
Development	70,832	8,538
Depreciation	7,201	6,715
Dues and subscriptions	73,880	20,510
Grants	134,766	171,421
Grant administration	106,965	182,876
Interest	4,739	25,605
Insurance	65,369	80,167
Legal fees	20,449	27,674
Marketing	11,472	439,208
Meetings and events	257,048	160,642
Meals and entertainment	254,500	257,726
Management fee	147,556	64,506
Merchant credit card fees	3,324	4,368
Microsoft grant training	-	21,989
Other expense	-	14,965
Payroll service fees	6,959	4,379
Payroll taxes	116,879	93,822
Postage and delivery	4,047	3,865
Printing and reproduction	22,076	6,768
Professional services	3,398	18,292
Public relations	41,400	8,800
Rent expense	153,418	149,023
Repairs and maintenance	2,118	11,585
Salary and wages	1,700,898	1,415,919
Service awards	19,590	2,295
Storage	6,326	6,828
Supplies	24,936	37,965
Traning and development	14,692	19,644
Technology	62,609	78,228
Telephone	63,489	61,126
Website development	109,619	701
401K contributions	45,450	35,415
	<u> </u>	<u> </u>
Total expenses	<u>\$ 5,594,998</u>	<u>\$ 4,623,195</u>

GREATER NEW ORLEANS, INC., AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
 December 31, 2012

	Greater New Orleans, Inc	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 145,500	\$ 2,025,033	\$ 2,170,533	\$ -	\$ 2,170,533
Certificate of deposits	-	38,336	38,336	-	38,336
Accounts receivable	672,262	440,109	1,112,371	(307,219)	805,152
Other current assets	18,667	248	18,915	-	18,915
Due from affiliate	7,500	-	7,500	(7,500)	-
Total current assets	843,929	2,503,726	3,347,655	(314,719)	3,032,936
Property and equipment, at cost less accumulated depreciation	11,974	-	11,974	-	11,974
Deposits	15,713	-	15,713	-	15,713
Total assets	\$ 871,616	\$ 2,503,726	\$ 3,375,342	\$ (314,719)	\$ 3,060,623
LIABILITIES					
Current liabilities					
Accounts payable	\$ 38,028	\$ 763,222	\$ 801,250	\$ (307,219)	\$ 494,031
Accrued payroll liabilities	119,691	34,769	154,460	-	154,460
Due to affiliate	-	7,500	7,500	(7,500)	-
Current portion of long-term debt	51,027	-	51,027	-	51,027
Total current liabilities	208,746	805,491	1,014,237	(314,719)	699,518
Long-term debt, less current portion	11,253	-	11,253	-	11,253
Total liabilities	219,999	805,491	1,025,490	(314,719)	710,771
NET ASSETS					
Net assets					
Unrestricted	651,617	199,001	850,618	-	850,618
Temporarily restricted	-	1,499,234	1,499,234	-	1,499,234
Total net assets	651,617	1,698,235	2,349,852	-	2,349,852
Total liabilities and net assets	\$ 871,616	\$ 2,503,726	\$ 3,375,342	\$ (314,719)	\$ 3,060,623

GREATER NEW ORLEANS, INC , AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2011

	Greater New Orleans, Inc	Foundation	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 344,795	\$ 1,591,226	\$ 1,936,021	\$ -	\$ 1,936,021
Certificate of deposits	38,139	-	38,139	-	38,139
Accounts receivable	254,606	500,645	755,251	-	755,251
Other current assets	769	-	769	-	769
Due from affiliate	173,026	-	173,026	(173,026)	-
Total current assets	<u>811,335</u>	<u>2,091,871</u>	<u>2,903,206</u>	<u>(173,026)</u>	<u>2,730,180</u>
Property and equipment, at cost less accumulated depreciation	19,175	-	19,175	-	19,175
Deposits	10,713	-	10,713	-	10,713
Total assets	<u>\$ 841,223</u>	<u>\$ 2,091,871</u>	<u>\$ 2,933,094</u>	<u>\$ (173,026)</u>	<u>\$ 2,760,068</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 28,546	\$ 451,380	\$ 479,926	\$ -	\$ 479,926
Accrued payroll liabilities	102,754	13,691	116,445	-	116,445
Due to affiliate	-	173,026	173,026	(173,026)	-
Other current liabilities	11,476	-	11,476	-	11,476
Current portion of long-term debt	59,557	-	59,557	-	59,557
Total current liabilities	<u>202,333</u>	<u>638,097</u>	<u>840,430</u>	<u>(173,026)</u>	<u>667,404</u>
Long-term debt, less current portion	61,907	-	61,907	-	61,907
Total liabilities	<u>264,240</u>	<u>638,097</u>	<u>902,337</u>	<u>(173,026)</u>	<u>729,311</u>
NET ASSETS					
Net assets					
Unrestricted	505,193	409,561	914,754	-	914,754
Temporarily restricted	71,790	1,044,213	1,116,003	-	1,116,003
Total net assets	<u>576,983</u>	<u>1,453,774</u>	<u>2,030,757</u>	<u>-</u>	<u>2,030,757</u>
Total liabilities and net assets	<u>\$ 841,223</u>	<u>\$ 2,091,871</u>	<u>\$ 2,933,094</u>	<u>\$ (173,026)</u>	<u>\$ 2,760,068</u>

GREATER NEW ORLEANS, INC , AND AFFILIATE
 SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

	GNO, Inc Unrestricted	GNO, Inc Temporarily Restricted	Foundation Unrestricted	Foundation Temporarily Restricted	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues							
Investor contributions	\$ 1,591,150	\$ -	\$ 376,766	\$ 1,075,000	\$ 3,042,916	\$ -	\$ 3,042,916
Sponsorship	2,500	-	-	69,583	72,083	-	72,083
NORLI	-	131,949	-	7,400	139,349	-	139,349
Grants	368,876	-	1,918,070	285,000	2,571,946	(167,164)	2,404,782
Management fees	618,401	-	-	-	618,401	(512,240)	106,161
Interest income	-	-	1,919	-	1,919	-	1,919
Other income	145,743	-	440	700	146,883	-	146,883
Net assets released from restrictions	203,739	(203,739)	982,662	(982,662)	-	-	-
Total revenues	2,930,409	(71,790)	3,279,857	455,021	6,593,497	(679,404)	5,914,093
Expenses							
Program services							
Grants	379,474	-	2,748,283	-	3,127,757	(218,289)	2,909,468
Initiatives	352,771	-	272,159	-	624,930	(167,164)	457,766
Public	89,984	-	-	-	89,984	-	89,984
Business development	560,490	-	-	-	560,490	-	560,490
Communications	52,371	-	-	-	52,371	-	52,371
Supporting services							
General and administrative	1,348,895	-	469,975	-	1,818,870	(293,951)	1,524,919
Total expenses	2,783,985	-	3,490,417	-	6,274,402	(679,404)	5,594,998
Change in net assets	146,424	(71,790)	(210,560)	455,021	319,095	-	319,095
Net assets							
Beginning of year	505,193	71,790	409,561	1,044,213	2,030,757	-	2,030,757
End of year	<u>\$ 651,617</u>	<u>\$ -</u>	<u>\$ 199,001</u>	<u>\$ 1,499,234</u>	<u>\$ 2,349,852</u>	<u>\$ -</u>	<u>\$ 2,349,852</u>

GREATER NEW ORLEANS, INC , AND AFFILIATE
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	GNO, Inc Unrestricted	GNO, Inc Temporarily Restricted	Foundation Unrestricted	Foundation Temporarily Restricted	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues							
Investor contributions	\$ 1,708,094	\$ -	\$ 381,500	\$ -	\$ 2,089,594	\$ -	\$ 2,089,594
Sponsorship	1,083	-	400	1,000	2,483	-	2,483
NORLI	-	138,317	-	-	138,317	-	138,317
Grants	536,436	-	1,284,582	300,000	2,121,018	-	2,121,018
Management fees	615,025	-	-	-	615,025	(439,552)	175,473
Interest income	15	-	1,699	-	1,714	-	1,714
Other income	318,310	-	-	-	318,310	-	318,310
Net assets released from restrictions	131,627	(131,627)	708,174	(708,174)	-	-	-
Total revenues	3,310,590	6,690	2,376,355	(407,174)	5,286,461	(439,552)	4,846,909
Expenses							
Program services							
Grants	552,299	-	1,764,981	-	2,317,280	(439,552)	1,877,728
Initiatives	132,125	-	-	-	132,125	-	132,125
Public	132,257	-	-	-	132,257	-	132,257
Business development	438,395	-	-	-	438,395	-	438,395
Communications	54,998	-	-	-	54,998	-	54,998
Supporting services							
General and administrative	1,931,265	-	56,427	-	1,987,692	-	1,987,692
Total expenses	3,241,339	-	1,821,408	-	5,062,747	(439,552)	4,623,195
Change in net assets	69,251	6,690	554,947	(407,174)	223,714	-	223,714
Net assets							
Beginning of year	435,942	65,100	(145,386)	1,451,387	1,807,043	-	1,807,043
End of year	<u>\$ 505,193</u>	<u>\$ 71,790</u>	<u>\$ 409,561</u>	<u>\$ 1,044,213</u>	<u>\$ 2,030,757</u>	<u>\$ -</u>	<u>\$ 2,030,757</u>

CLIFTON W NEWLIN
ROBERT D WATKINS
EDWARD G BERBUESSE, JR
JON S FOLSE



MARK D BOHNET
LISA D ENGLADE
KERNEY F CRAFT, JR
JONATHAN P KOENIG

WEGMANN DAZET & COMPANY

June 6, 2013

Board of Directors
Greater New Orleans, Inc and its affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

Dear Members of the Board of Directors

We have audited the consolidated financial statements of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation (both nonprofit organizations) for the year ended December 31, 2012, and have issued our report thereon dated June 6, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 8, 2013. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation 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.

June 6, 2013

Wegman Day & Company

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARD REPORTS**

CLIFTON W NEWLIN
ROBERT D WATKINS
EDWARD G BERBUESSE, JR
JON S FOLSE



WEGMANN DAZET & COMPANY

MARK D BOHNET
LISA D ENGLADE
KERNEY F CRAFT, JR
JONATHAN P KOENIG

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
Greater New Orleans, Inc and its affiliate,
Greater New Orleans Development Foundation
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 consolidated financial statements of Greater New Orleans, Inc , and its affiliate Greater New Orleans Development Foundation which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation'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 Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's internal control Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation'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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



June 6, 2013

REPORT TO THE BOARD

CLIFTON W NEWLIN
ROBERT D WATKINS
EDWARD G BERBUESSE, JR
JON S FOLSE



WEGMANN DAZET & COMPANY

MARK D BOHNET
LISA D ENGLADE
KERNEY F CRAFT JR
JONATHAN P KOENIG

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Greater New Orleans, Inc and its affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greater New Orleans, Inc. and its affiliate, Greater New Orleans Development Foundation's major federal programs for the year ended December 31, 2012. Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



June 6, 2013

GREATER NEW ORLEANS, INC AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development Office of Community Development	14 228	\$1,640,246
U S Department of Commerce Economic Adjustment Assistance	11 307	<u>105,661</u>
Total Expenditure of Federal Awards		<u>\$1,745,907</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

GREATER NEW ORLEANS, INC AND AFFILIATE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

Note A Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B Risk-based audit approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Organization does not qualify as a low-risk auditee.

GREATER NEW ORLEANS, INC AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

We have audited the basic consolidated financial statements of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation, as of and for the year ended December 31, 2012, and have issued our report thereon dated June 6, 2013. 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. Our audit of the consolidated financial statements as of December 31, 2012 resulted in an unqualified opinion.

SUMMARY OF THE AUDITORS' RESULTS

- 1 An unqualified opinion was issued on the financial statements of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation
- 2 The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable
- 3 The audit disclosed no instances of noncompliance that were material to the financial statements of Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation
- 4 The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable
- 5 An unqualified opinion was issued on compliance for major programs
- 6 The audit disclosed no findings, which are required to be reported under Section 501(a) of Circular A-133
- 7 Major programs for the fiscal year ended December 31, 2012 were
Department of Housing and Urban Development
Office of Community Development (CFDA #14 228)
- 8 The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- 9 Greater New Orleans, Inc and its affiliate, Greater New Orleans Development Foundation was not determined to be a low-risk auditee
- 10 A management letter was not issued for the year ended December 31, 2012

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during the current year required to be reported