

**NEW ORLEANS MULTICULTURAL  
TOURISM NETWORK, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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 4-18-07



TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES .....	4
STATEMENT OF CASH FLOWS .....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
SUPPLEMENTARY INFORMATION:	
Schedule of Functional Expenses .....	10
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 .....	12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	14
SCHEDULE OF PRIOR YEAR FINDINGS .....	16



Member  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
New Orleans Multicultural  
Tourism Network, Inc.

We have audited the accompanying statement of financial position of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** as of December 31, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of NOMTN's management. Our responsibility is to express an opinion 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 *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 opinion.

In our opinion, the financial statements referred to in the first paragraph presents fairly, in all material respects, the financial position of **New Orleans Multicultural Tourism Network, Inc.** as of December 31, 2005 and the changes in its net assets and its cash flows 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  
New Orleans Multicultural  
Tourism Network, Inc.

Page 2

In accordance with Government Auditing Standards, we have also issued a report dated March 21, 2007 on our consideration of NOMTN'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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of New Orleans Multicultural Tourism Network, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 21, 2007

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2005

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ASSETS

Cash and cash equivalents	\$198,369
Due from New Orleans Tourism Marketing Corporation	50,897
Office furniture and equipment, net of accumulated depreciation of \$10,466 (NOTE 4)	14,679
Other assets	<u>575</u>
Total assets	<u>\$264,520</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 11,799
Deferred revenue	<u>16,000</u>
Total liabilities	<u>27,799</u>
Unrestricted net assets	<u>236,721</u>
Total liabilities and net assets	<u>\$264,520</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

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Support and Revenue:	
Grant - NOTMC (NOTE 5)	\$336,554
Membership dues	23,954
Special events	68,630
Interest	416
Other	<u>1,310</u>
Total support and revenue	<u>430,864</u>
Expenses:	
Administrative:	
Personnel	79,931
Operating	<u>77,890</u>
Total administrative expenses	157,821
Convention sales and marketing expenses	<u>225,730</u>
Total expenses	<u>383,551</u>
Changes in net assets	47,313
Net assets, beginning of year	<u>189,408</u>
Net assets, end of year	<u>\$236,721</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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Cash flows from operating activities:	
Changes in net assets	\$ 47,313
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	\$ 4,594
Increase in accounts payable and accrued expenses	792
Decrease in due from New Orleans Tourism Marketing Corporation	<u>52,349</u>
Total adjustments to changes in net assets	<u>57,735</u>
Net cash provided by operating activities	<u>105,048</u>
Cash flows from investing activities:	
Proceeds from redemption of certificate of deposit	<u>6,080</u>
Net cash provided by investing activities	<u>6,080</u>
Net increase in cash and cash equivalents	111,128
Cash and cash equivalents - beginning of year	<u>87,241</u>
Cash and cash equivalents - end of year	<u>\$198,369</u>
Interest paid in cash	\$ <u>19</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - Summary of Significant Accounting Policies:

(A) Organization

New Orleans Multicultural Tourism Network, Inc. (NOMTN) is a Louisiana nonprofit corporation chartered on March 5, 1990. Its purpose is to attract tourist and convention business from domestic and foreign markets, inclusive of developing minority markets, affected by the tourist industry, to the greater New Orleans metropolitan area.

NOMTN is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

(B) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NOMTN and changes therein are classified as unrestricted net assets that are not subject to donor-imposed stipulations.

(C) Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Grants are recorded on the basis of performance under the grant contract.

Unconditional promises to give due in the next year are recorded at their net realizable value. At December 31, 2005, there were no unconditional promises to give.



NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued;

(D) Office Furniture and Equipment

Office furniture and equipment is recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful life of five (5) years.

(E) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, NOMTN considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

(F) Estimates

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

(G) Advertising

NOMTN uses advertising to promote its mission to attract tourism and convention business to the greater New Orleans area. The costs of advertising are expensed as incurred. At December 31, 2005, advertising expense was \$14,156.

NOTE 2 - Functional Allocation of Expenses:

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

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - Donated Services:

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a number of volunteers have donated significant amounts of their time in activities and events sponsored by NOMTN.

NOTE 4 - Office Furniture and Equipment:

Office furniture and equipment, at cost, and accumulated depreciation at December 31, 2005 are summarized as follows:

Office furniture and equipment	\$25,145
Less accumulated depreciation	<u>(10,466)</u>
	<u>\$14,679</u>

Depreciation expense for the year ended December 31, 2005 was \$4,594.

NOTE 5 - Economic Dependency:

Under present funding arrangements with New Orleans Tourism Marketing Corporation (NOTMC), a significant part of the organization's support is currently derived from that one contributor. By ordinance, NOTMC is required to fund NOMTN annually.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 6 - Fair Values of Financial Instruments:

The estimated fair value of financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. NOMTN considers the carrying amounts of cash and cash equivalents to approximate fair value.

NOTE 7 - Operating Lease:

NOMTN leases a vehicle, office space and office equipment under operating lease agreements. Lease expense for the year ended December 31, 2005 was \$23,511. Future minimum lease payments for these leases are as follows:

Year Ending December 31,

2006	\$ 29,538
2007	22,871
2008	21,616
2009	17,853
2010	17,853
2011 - 2013	<u>44,633</u>
Total future minimum lease payments	<u>\$154,364</u>

**SUPPLEMENTARY INFORMATION**

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2005

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ADMINISTRATIVE:

Personnel:

Salaries	\$ 67,204
Payroll taxes	5,849
Fringe benefits	<u>6,878</u>
Total personnel	<u>79,931</u>

Operating expenses:

Professional services	18,841
Promotions	7,154
Rent	11,743
Travel	94
Bank fees	975
Depreciation	4,594
Dues and subscriptions	180
Leases	5,706
Miscellaneous	698
Office supplies	6,178
Maintenance	5,015
Printing	4,842
Telephone	2,545
Postage	5,658
Meetings	963
Insurance	32
Delivery	1,934
Interest	19
Collaterals	161
Commissions	<u>558</u>

Total operating expenses 77,890

Total administrative expenses \$157,821

See Accompanying Independent Auditors' Report.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
 SCHEDULE OF FUNCTIONAL EXPENSES, CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2005

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Convention Sales and Marketing

Expenses:

Salaries	\$ 67,204
Payroll taxes	5,848
Fringe benefits	6,879
Soul of New Orleans	6,250
Heart of New Orleans	8,881
Essence Festival	27,010
Historically Black Colleges and Universities	4,565
Advertising	14,156
Promotions	9,519
Travel	33,783
Leases	6,062
Collaterals	7,483
Postage	6,738
Printing	6,715
Office supplies	6,791
Meetings	3,235
Website maintenance	1,200
Telephone	<u>3,411</u>

Total convention sales and marketing expenses	<u>225,730</u>
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Total expenses	<u>\$383,551</u>
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See Accompanying Independent Auditors' Report.



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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  
New Orleans Multicultural Tourism Network, Inc.

We have audited financial statements of New Orleans Multicultural Tourism Network, Inc. (NOMTN) as of and for the year ended December 31, 2005 and have issued our report thereon dated March 21, 2007. 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 NOMTN's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NOMTN'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.

This report is intended solely for the use of management, grantor agencies and the Louisiana Legislative Auditor 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**

March 21, 2007



NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc.** as of and for the year ended December 31, 2005, and have issued our report thereon dated March 21, 2007. 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 financial statements as of December 31, 2005 resulted in an unqualified opinion.

**1. Summary of Auditors' Results**

- A. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements: None Reportable Material weaknesses: No.
- B. Noncompliance which is material to the financial statements: No.
- C. Reportable conditions in internal control over major programs: N/A Material weaknesses: N/A.
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510 (a) of OMB Circular A-133: N/A.
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: No.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2005

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2. Financial Statement Findings

No matters were reported.

3. Federal Award Findings and Questioned Costs

Not applicable.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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*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*

Not applicable.

*Section III - Management Letter*

No matters were reported.