NEW ORLEANS CONVENTION & VISITORS BUREAU

Audits of Consolidated Financial Statements

December 31, 2012 and 2011

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
New Orleans Convention & Visitors Bureau

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the New Orleans Convention & Visitors Bureau (the Bureau) which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bureau, as of December 31, 2012, 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.

Other Matters

The financial statements of the Bureau, as of and for the year ended December 31, 2011, were audited by other auditors whose report dated June 11, 2012, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013 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, 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 in considering the Bureau's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 12, 2013

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and Cash Equivalents	$ 2,508,586	$ 6,738,378
Accounts Receivable	830,078	740,329
Receivables, State of Louisiana	4,607,528	1,166,475
Inventory	79,077	67,936
Prepaid Expenses	555,820	518,533
Total Current Assets	8,581,089	9,231,651
Investments		
Marketable Securities at Fair Value	12,480,376	10,946,332
Property, Equipment and Leasehold Improvements		
Land	3,373,130	3,373,130
Building	9,167,019	9,167,019
Furniture and Fixtures	1,024,395	1,024,769
Equipment	929,150	942,082
Leasehold Improvements	414,693	414,693
Software	179,480	179,480
Transportation Vehicles	13,477	13,477
Total Property and Equipment	15,101,344	15,114,650
Less: Accumulated Depreciation	(4,433,904)	(4,091,982)
Net Property, Equipment and Leasehold Improvements	10,667,440	11,022,668
Total Assets	$ 31,728,905	$ 31,200,651
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 970,090	$ 795,075
Deferred Revenue	86,548	141,950
Promise to Give	250,000	250,000
Other Accrued Liabilities	68,200	302,701
Total Current Liabilities	1,374,838	1,489,726
Non Current Liabilities		
Promise to Give	-	250,000
Total Liabilities	1,374,838	1,739,726
Net Assets, Unrestricted		
Designated	7,503,735	7,161,575
Undesignated	22,850,332	22,299,350
Total Net Assets	30,354,067	29,460,925
Total Liabilities and Net Assets	$ 31,728,905	$ 31,200,651

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

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Activities
December 31, 2012 and 2011

	2012	2011
Revenue and Support		
Appropriations from Government Agencies	$ **8,433,986**	$ 7,335,769
Industry Show Cost-Share Reimbursement	**232,593**	166,780
Investment Return (Loss)	**1,525,087**	(519,205)
Membership Dues	**1,499,245**	1,409,569
Hotel Occupancy Privilege Tax and Downtime Funding	**1,104,630**	1,017,356
Other Revenue	**360,893**	245,130
Staffing Services Reimbursement	**455,401**	561,925
Disaster Relief Funding	**300,000**	-
Louisiana Office of Tourism Support	**589,250**	495,300
Total Revenue and Support	**14,501,085**	10,712,624
Expenses		
Program Services Expenses		
Convention Sales and Services	**6,416,114**	6,313,404
Tourism Promotion	**1,591,701**	1,349,617
Tourism Promotion Funded through Privilege Tax and Downtime Funding	**1,137,304**	1,087,280
Communication and Public Relations	**1,356,089**	1,127,608
Member Services	**274,325**	150,745
Information Services	**275,413**	267,626
Supporting Services Expenses		
Welcome Center Building, LLC	**230,473**	234,794
General and Administration	**2,326,524**	2,008,610
Total Expenses	**13,607,943**	12,539,684
Increase (Decrease) in Net Assets	**893,142**	(1,827,060)
Net Assets, Beginning of Year	**29,460,925**	31,287,985
Net Assets, End of Year	$ **30,354,067**	$ 29,460,925

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

NEW ORLEANS CONVENTION & VISITORS BUREAU
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

		2012		2011
Cash Flows from Operating Activities				
Changes in Net Assets	$	**893,142**	$	(1,827,060)
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Provided by Operating Activities				
Depreciation and Amortization		**379,303**		359,974
Loss on Disposal of Equipment		**256**		-
Unrealized (Gain) Loss on Investment Securities		**(1,216,018)**		734,855
(Increase) Decrease in Receivables		**(3,530,802)**		3,451,516
Increase in Inventory		**(11,141)**		(5,687)
Increase in Prepaid Expenses		**(37,287)**		(187,613)
Increase in Account Payable		**175,015**		156,771
(Decrease) Increase in Deferred Revenue		**(55,402)**		16,270
(Decrease) Increase in Promises to Give		**(250,000)**		250,000
(Decrease) Increase in other Accrued Liabilities		**(234,501)**		247,933
Net Cash (Used in) Provided by Operating Activities		**(3,887,435)**		3,196,959
Cash Flows from Investing Activities				
Proceeds from Sales of Investment Securities		**7,344,682**		-
Purchases of Investment Securities		**(7,662,707)**		(897,048)
Capitalization and Acquisition of Property		**(24,332)**		(398,755)
Net Cash Used in Investing Activities		**(342,357)**		(1,295,803)
Cash Flows from Financing Activities				
Net Change in Cash Overdraft		**-**		(48,890)
Net Cash Used in Financing Activities		**-**		(48,890)
Net (Decrease) Increase in Cash and Cash Equivalents		**(4,229,792)**		1,852,266
Cash and Cash Equivalents, Beginning of Year		**6,738,378**		4,886,112
Cash and Cash Equivalents, End of Year	$	**2,508,586**	$	6,738,378

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

Note 1. Nature of Activities

History and Organization

The New Orleans Convention & Visitors Bureau (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, LLC, 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, LLC, the entity is disregarded from its owner for income tax purposes.

Note 2. Summary of Significant Accounting Policies

Consolidation

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

Basis of Accounting

The consolidated financial statements of the Bureau are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, therefore, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations.* In accordance with this guidance, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net asset, and permanently restricted net assets. The Bureau has no temporarily or permanently restricted net 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.

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 consolidated financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Inventory

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

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 consolidated 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.

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 $379,303 and $359,974 for the years ended December 31, 2012 and 2011, 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

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.

Note 2. Summary of Significant Accounting Policies (Continued)

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 consolidated 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 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.

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. All full time employees are also eligible for up to twenty-five sick days accruing five hours per month after completion of an initial sixty day introductory period. Vacation time unused at the end of the anniversary date is lost. Upon termination, unused vacation time is paid and sick time is lost.

Non-Direct Response Advertising

The Bureau expenses advertising costs as incurred. Advertising expenses charged to operations totaled $1,210,084 and $1,007,328 in 2012 and 2011, respectively.

Uncertain Tax Positions

All tax returns have been appropriately filed by the Bureau. The Bureau recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Bureau's tax filings are subject to audit by various taxing authorities. The Bureau's tax returns for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed. Management evaluated the Bureau's tax positions and concluded that the Bureau has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

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 amounts recorded in the combined financial statements. Actual results may differ from these estimates due to information that becomes available subsequent to the issuance of the consolidated financial statements or other reasons.

Note 3. Concentration of Credit Risk

The Bureau periodically maintains cash in bank accounts in excess of insured limits. The Bureau has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 4. Investments

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

		2012		2011
Common Stocks	$	5,889,722	$	6,900,597
Real Estate Investment Trust		660,687		639,361
Exchange Traded Note		278,081		611,444
Fund of Funds		1,481,721		1,342,903
Mutual Funds		4,170,165		1,452,027
Total Investments	$	12,480,376	$	10,946,332

The Exchange Traded Note of $278,081 held at December 31, 2012 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.

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

		2012		2011
Dividends and Interest	$	309,069	$	215,650
Net Unrealized and Realized Gains (Losses)		1,216,018		(734,855)
Total Investment Return (Loss)	$	1,525,087	$	(519,205)

Note 5. Fair Value Measurements

The *Fair Value of Measurements and Disclosures* topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC 820) states that all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based in assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition, the fair value of liability should include the non-performance risk including our own credit risk. In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and 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.

Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 - Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - Inputs are based upon quoted process for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level with the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Note 5. Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for investments 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.

- *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.

Note 5. Fair Value Measurements (Continued)

The fair value of assets and liabilities measured at estimated fair value on a recurring basis are estimated as described in the preceding section. These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2012	Level 1	Level 2	Level 3	Total
Common Stocks				
Basic Materials	$ 1,021,268	$ -	$ -	$ 1,021,268
Consumer Goods	1,040,689	-	-	1,040,689
Natural Resources	32,709	-	-	32,709
Financials	756,302	-	-	756,302
Healthcare	453,289	-	-	453,289
Industrials	678,395	-	-	678,395
Information Technology	950,933	-	-	950,933
Business Services	822,754	-	-	822,754
Utilities	133,383	-	-	133,383
Total Common Stocks	5,889,722	-	-	5,889,722
Real Estate Investment Trusts	660,687	-	-	660,687
Exchange Traded Note	278,081	-	-	278,081
Fund of Funds	-	1,481,721	-	1,481,721
Mutual Funds				
Emerging Markets Bond	466,895	-	-	466,895
Foreign Large Growth	1,009,257	-	-	1,009,257
Intermediate Term Bond	2,299,220	-	-	2,299,220
Inflation Protected Bond	394,793	-	-	394,793
Total Mutual Funds	4,170,165	-	-	4,170,165
Total Investment at Fair Value	$ 10,998,655	$ 1,481,721	$ -	$ 12,480,376

Note 5. Fair Value Measurements (Continued)

December 31, 2011		Level 1		Level 2		Level 3		Total
Common Stocks								
Basic Materials	$	820,331	$	-	$	-	$	820,331
Consumer Goods		367,627		-		-		367,627
Energy		133,572		-		-		133,572
Financials		382,225		-		-		382,225
Healthcare		544,725		-		-		544,725
Industrials		386,550		-		-		386,550
Information Technology		172,571		-		-		172,571
Materials		28,383		-		-		28,383
Business Services		678,301		-		-		678,301
Utilities		79,153		-		-		79,153
Technology		691,506		-		-		691,506
Foreign Ordinary Equity		2,558,248		-		-		2,558,248
Conglomerates		57,405		-		-		57,405
Total Common Stocks		6,900,597		-		-		6,900,597
Real Estate Investment Trusts		639,361		-		-		639,361
Exchange Traded Note		611,444		-		-		611,444
Fund of Funds		-		1,342,903		-		1,342,903
Mutual Funds								
Intermediate Term Bond		1,082,283		-		-		1,082,283
Inflation Protected Bond		369,744		-		-		369,744
Total Mutual Funds		1,452,027		-		-		1,452,027
Total Investment at Fair Value	$	9,603,429	$	1,342,903	$	-	$	10,946,332

Alternative Investments

The FASB issued a standards update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share. The Bureau's investments at December 31, 2012, that feature net asset value per share are as follows:

		Fair Value	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
Fund of Funds (a)	$	1,481,721	N/A	Quarterly	95 Days

(a) This category includes investment in a fund of hedge funds which, through a number of underlying single strategy hedge funds, invests in traditional securities such as common stocks and corporate and government bonds, and a variety of other types of financial instruments which may include, among others, futures and forward contracts, options, and securities sold not yet purchased (short-selling), intended to hedge against changes in the market value of portfolio investments.

Note 6. Net Assets

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

		2012		2011
Hotel Occupancy Privilege Tax and Downtime Funding*	$	**1,991,508**	$	2,018,173
Future Conventions		**5,495,602**		5,120,152
Other		**16,625**		23,250
Total Investments	$	**7,503,735**	$	7,161,575

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

The Bureau has arrangements with the State of Louisiana to promote leisure tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 13 of the 2012 and Act 12 of the 2011 Regular Legislative Session provides for an annual appropriation of up to $9,000,000 and $7,300,000. The actual appropriation provided in 2012 and 2011, was $8,433,986 and $7,335,769, respectively.

Note 7. 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, 2012 and 2011, were $101,162 and $95,723 respectively.

Note 8. 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 $607,038 and $483,521 of donated services were received in 2012 and 2011, 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.

Note 9. 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:

2013	$	55,637
2014		34,887
2015		19,182
2016		17,223
2017		7,526
Thereafter		26,400
Total	$	160,855

Rent expense in 2012 and 2011, totaled $61,596 and $59,288, 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 consolidated financial statements.

Note 10. Promises to Give

During the year ended December 31, 2011, the Bureau entered into an event support agreement with the Essence Festival for the July 2011, 2012 and 2013 events. At December 31, 2011, included in current liabilities is $250,000 due for the 2012 event and included in long term liabilities is $250,000 due for the 2013 event. At December 31, 2012, included in current liabilities is $250,000 due for the 2013 event.

Note 11. Cooperative Endeavor Agreement

During 2011, the Bureau operated 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 reimbursed 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, 2011. During 2012, the Bureau renewed is Cooperative Endeavor Agreement with the Louisiana Office of Tourism for oversees representation. This renewal added one international tourism office in Canada with a reimbursement of 100% of the cost of marketing and operations in this foreign office bringing the maximum reimbursement to $683,200. Included in Louisiana office of tourism support on the consolidated statements of activities is $589,250 and $495,300 for the years ended December 31, 2012 and December 31, 2011, respectively, relating to this funding.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 12, 2013, and determined that no events require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

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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*

Independent Auditor's Report

To the Members of the Board
New Orleans Convention & Visitors Bureau

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 the New Orleans Convention & Visitors Bureau (the Bureau) which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated 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 12, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bureau'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 indentify 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 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*.

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.

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.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 12, 2013