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NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.

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Release Date 1-28-99

FINANCIAL STATEMENTS

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE TWO YEARS ENDED DECEMBER 31, 1998

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements listed in the Table of Contents of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** as of December 31, 1998, and for the two years then ended. These financial statements are the responsibility of the 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 generally accepted auditing standards 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 the **New Orleans Multicultural Tourism Network, Inc.** as of December 31, 1998 and the changes in its net assets and its cash flows for the two years then ended in conformity with generally accepted accounting principles.

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 May 7, 1999, 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 grants.

Our audit was made for the purpose of forming an opinion on the 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 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

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 7, 1999

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1998

ASSETS

Cash and cash equivalents	\$39,253
Certificate of deposit	21,637
Accounts receivable	2,000
Office furniture and equipment, net of accumulated depreciation of \$49,578 (NOTE 4)	<u>9,128</u>
Total assets	<u>\$72,018</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 9,150
Accrued expenses	1,320
Deferred revenue	3,658
Note payable - short-term (NOTE 8)	<u>23,322</u>
Total liabilities	<u>37,450</u>
Unrestricted net assets	<u>34,568</u>
Total liabilities and net assets	<u>\$72,018</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

	<u>1998</u>	<u>1997</u>	<u>Total</u>
Support and Revenue:			
Grant - NOTMC (NOTE 6)	\$376,250	\$351,250	\$727,500
Grant - State	41,342	-0-	41,342
Membership dues	36,670	14,705	51,375
Soul of New Orleans	43,545	38,284	81,829
Special events	<u>62,458</u>	<u>13,743</u>	<u>76,201</u>
Total support and revenue	<u>560,265</u>	<u>417,982</u>	<u>978,247</u>
Expenses:			
Administrative:			
Personnel	45,426	37,239	82,665
Operating	<u>103,613</u>	<u>111,281</u>	<u>214,894</u>
Total administrative expenses	149,039	148,520	297,559
Convention sales and marketing expenses	255,190	236,940	492,130
Special events expenses	<u>103,426</u>	<u>99,907</u>	<u>203,333</u>
Total expenses	<u>507,655</u>	<u>485,367</u>	<u>993,022</u>
Changes in net assets	<u>\$ 52,610</u>	<u>\$(67,385)</u>	(14,775)
Net assets, beginning of period			<u>49,343</u>
Net assets, end of period			<u>\$ 34,568</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

Cash flows from operating activities:		
Changes in net assets		\$(14,775)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	\$ 4,200	
Decrease in accounts receivable	293	
Decrease in accounts payable and accrued expenses	(18,561)	
Increase in deferred revenue	<u>3,658</u>	
Total adjustments to net income		<u>(10,410)</u>
Net cash used in operating activities		<u>(25,185)</u>
Cash flows from financing activities:		
Proceeds from note payable	26,609	
Repayment of note payable	<u>(3,287)</u>	
Net cash provided by financing activities		<u>23,322</u>
Cash flows from investing activities:		
Purchase of certificate of deposit		<u>(1,935)</u>
Net cash used in investing activities		<u>(1,935)</u>
Net decrease in cash and cash equivalents		(3,798)
Cash and cash equivalents - beginning of period		<u>43,051</u>
Cash and cash equivalents - end of period		<u>\$ 39,253</u>
Interest paid in cash		<u>\$ 4,264</u>

The accompanying notes are an integral part of this statement.

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

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)(6) 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 generally accepted accounting principles. 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, 1998, there were no unconditional promises to give.

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

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.

NOTE 2 - Functional Allocation of Expenses:

The costs 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

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, 1998 are summarized as follows:

Office furniture and equipment	\$ 58,706
Less accumulated depreciation	<u>(49,578)</u>
	<u>\$ 9,128</u>

Depreciation charged to expense was \$4,200.

NOTE 5 - Related Party Transactions:

For the two years ended December 31, 1998, **NOMTN** received goods and services from board members in the amount of \$6,355. The types of such transactions included the costs of travel and meetings.

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

NOTE 6 - 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. Sudden loss of that contributor could have a possible adverse effect on the organization, since NOTMC accounted for approximately 74 % of the total support and revenue for the two years ended December 31, 1998. NOTMC currently has a verbal commitment through 1999 with the organization to continue such support. NOTMC has not notified NOMTN of any change in plans to continue their support.

NOTE 7 - 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, certificate of deposit, and short-term unconditional promise to give to approximate fair value.

NOTE 8 - Note Payable:

In 1998, NOMTN borrowed \$30,000 from a bank. The loan balance of \$23,322 at December 31, 1998, has been subsequently paid.

NOTE 9 - Operating Lease:

NOMTN leases office equipment under operating leases expiring in 2001.

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

NOTE 9 - Operating Lease, Continued:

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one (1) year as of December 31, 1998, for each of the next three (3) years and in the aggregate are:

Year Ended December 31,	<u>Amount</u>
1999	\$ 5,398
2000	5,398
2001	<u>4,499</u>
Total minimum future rental payments	<u>\$15,295</u>

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

	<u>1998</u>	<u>1997</u>	<u>Total</u>
ADMINISTRATIVE:			
Personnel:			
Salaries	\$ 37,233	\$ 29,126	\$ 66,359
Payroll taxes	3,341	3,310	6,651
Fringe benefits	<u>4,852</u>	<u>4,803</u>	<u>9,655</u>
Total personnel	<u>45,426</u>	<u>37,239</u>	<u>82,665</u>
Operating expenses:			
Professional services	13,194	18,381	31,575
Rent	3,567	4,188	7,755
Equipment	5,282	5,915	11,197
Travel	829	1,017	1,846
Depreciation	2,100	2,100	4,200
Dues and subscription	2,024	2,393	4,417
Miscellaneous	5,992	9,329	15,321
Office supplies	6,029	7,563	13,592
Maintenance	1,205	1,689	2,894
Postage	10,530	13,946	24,476
Printing	13,768	16,251	30,019
Telephone	13,441	15,124	28,565
Bond fees	1,171	1,176	2,347
Meetings	4,843	8,409	13,252
Delivery	2,475	3,102	5,577
Interest	3,566	698	4,264
Promotions	2,655	-0-	2,655
Soul of New Orleans	10,642	-0-	10,642
Special events	<u>300</u>	<u>-0-</u>	<u>300</u>
Total operating expenses	<u>103,613</u>	<u>111,281</u>	<u>214,894</u>
Total administrative expenses	<u>149,039</u>	<u>148,520</u>	<u>297,559</u>

See Accompanying Independent Auditors' Report.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FUNCTIONAL EXPENSES, CONTINUED
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

	<u>1998</u>	<u>1997</u>	<u>Total</u>
Convention Sales & Marketing Expenses:			
Soul of New Orleans	\$ 46,020	\$ 43,158	\$ 89,178
Advertising	51,462	43,145	94,607
Dues and subscriptions	2,542	5,572	8,114
Salaries	94,512	91,917	186,429
Fringe benefit plan	11,827	10,005	21,832
Travel	18,093	18,790	36,883
Promotions	2,771	10,878	13,649
Payroll taxes	8,187	7,911	16,098
Collaterals	5,430	5,564	10,994
Miscellaneous	-0-	-0-	-0-
Printing	2,315	-0-	2,315
Meetings	<u>12,031</u>	<u>-0-</u>	<u>12,031</u>
Total convention sales and marketing expenses	<u>255,190</u>	<u>236,940</u>	<u>429,130</u>
Special Events Expenses:			
Promotions	-0-	3,282	3,282
Special events	-0-	8,228	8,228
Newsletter	-0-	695	695
Salaries	-0-	-0-	-0-
Consultant	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-
Tourism summit	<u>103,426</u>	<u>87,702</u>	<u>191,128</u>
Total special events expenses	<u>103,426</u>	<u>99,907</u>	<u>203,333</u>
Total expenses	<u>\$507,655</u>	<u>\$485,367</u>	<u>\$993,022</u>

See Accompanying Independent Auditors' Report.

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MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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 two years ended December 31, 1998 and have issued our report thereon dated May 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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, and regulations, 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*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audits, 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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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 considered to be material weaknesses.

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.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 7, 1999

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc.** as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 7, 1999. We conducted our audit in accordance with generally accepted auditing standards 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, 1998 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: No 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: Yes.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

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 TWO YEARS ENDED DECEMBER 31, 1998

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

96-1 **Outstanding Checks**

We recommended that NOMTN implement procedures that would require NOMTN to investigate checks remaining outstanding over three (3) months to improve internal controls over cash disbursements.

Current Status

Resolved.

96-2 **Supporting Documentation**

We recommended that NOMTN review its procedures over cash disbursements and record retention and take immediate steps to ensure that cash disbursements are properly supported by documentation.

Current Status

Unresolved.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE TWO YEARS ENDED DECEMBER 31, 1998

Section III - Management Letter, CONTINUED

96-3 Invoice Approval

We recommended that NOMTN review its current procedures relating to cash disbursements to ensure that all cash disbursements are documented with invoice approval.

Current Status

Resolved.

96-4 Credit Card Charges

We recommended that NOMTN review its current procedures with aims to ensuring that all credit card charges are supported by original source documentation.

Current Status

Resolved.

SUPPLEMENTARY INFORMATION

02-11-99
4:34**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

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

We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** for the two years ended December 31, 1998 and have issued our report thereon dated May 7, 1999.

In planning and performing our audit of the financial statements of **NOMTN** for the two years ended December 31, 1998, we considered **NOMTN's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The current status of the prior year comments and recommendations, which have been discussed with the appropriate members of management, are described in the accompanying status of prior years comments section to this report. This letter does not affect our report dated May 7, 1999 on the financial statements of **NOMTN**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various **NOMTN** personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
CURRENT YEAR COMMENTS

98-1 Support for Special Event Revenues

We noted during our audit that documentation to support the Summit registration fees were not available. However, we were able to substantiate the revenues through alternative procedures.

We recommend that NOMTN implement procedures to ensure that Summit registration fees are adequately supported.

Management's Response

The management of NOMTN has currently implemented procedures that will support all Summit revenues received. Also, a subsidiary ledger will be established to account for Summit receipts in detail and the monthly subsidiary totals will be reconciled to the general ledger on a monthly basis.

98-2 Supporting Documentation

We noted during our audit that several cash disbursements were not supported with documentation because vendors' invoices could not be located.

We recommend that all disbursements be supported with source documentation. Also, we recommend that NOMTN review its policies and procedures for record filing, storage and retention.

Management's Comments

Currently, management has reviewed its cash disbursements and record retention procedures and implemented changes to ensure that cash disbursements are adequately supported and records are filed and stored for easy retrieval.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATUS OF PRIOR YEAR COMMENTS

96-1 OUTSTANDING CHECKS

We recommended that **NOMTN** implement procedures that would require **NOMTN** to investigate checks remaining outstanding over three (3) months to improve internal controls over cash disbursements.

Current Status

Resolved.

96-2 SUPPORTING DOCUMENTATION

We recommended that **NOMTN** review its procedures over cash disbursements and record retention and take immediate steps to ensure that cash disbursements are properly supported by documentation.

Current Status

Unresolved. See current year comment No.98-2.

96-3 INVOICE APPROVAL

We recommended that **NOMTN** review its current procedures relating to cash disbursements to ensure that all cash disbursements are documented with invoice approval.

Current Status

Resolved.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.
STATUS OF PRIOR YEAR COMMENTS, CONTINUED

96-4 CREDIT CARD CHARGES

We recommended that NOMTN review its current procedures with aims of ensuring that all credit card charges are supported by original source documentation.

Current Status

Resolved.

This report is intended solely for the use of management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 7, 1999