INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF NEW ORLEANS, LOUISIANA, INC.

FINANCIAL STATEMENTS

December 31, 2014 and 2013

Industrial Development Board of the City of New Orleans, Louisiana, Inc.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB"), which comprise the Statements of Financial Position as of December 31, 2014 and 2013, and the related Statements of Activities, Cash Flows, and Functional Expenses for the years 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to IDB's preparation and fair presentation of the 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 IDB'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 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 financial statements referred to above present fairly, in all material respects, the financial position of IDB as of December 31, 2014 and 2013, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 11 is presented for purposes of additional analysis and as required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2015, on our consideration of IDB's internal control over financial reporting and on 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 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 IDB's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

April 10, 2015

FINANCIAL STATEMENTS

December 31,	**2014**	2013
ASSETS		
Current Assets		
Cash	**$ 717,610**	$ 535,326
Certificates of deposit	**1,065,565**	704,574
Accrued interest receivable	**3,759**	2,526
Prepaid expenses	**10,423**	10,156
Total current assets	**1,797,357**	1,252,582
Total assets	**$ 1,797,357**	$ 1,252,582
LIABILITIES AND NET ASSETS		
Current liabilities		
Security deposit	**$ 15,000**	$ -
Accounts payable and accrued expenses	**-**	1,294
Deferred revenue	**87,360**	-
Total current liabilities	**102,360**	1,294
Unrestricted net assets	**1,694,997**	1,251,288
Total liabilities and net assets	**$ 1,797,357**	$ 1,252,582

The accompanying footnotes are an integral part of these financial statements.

The Industrial Development Board of New Orleans, Louisiana, Inc.
Statement of Activities

For the years ended December 31,	**2014**	2013
Revenues		
Annual administrative fees	**$ 329,061**	$ 363,644
Six Flags income	**187,240**	80,500
Closing costs	**54,845**	41,752
Interest income	**7,890**	6,538
Application fees	**9,000**	3,000
Other income	**-**	1,617
Total revenues	**588,036**	497,051
Expenses		
Program services	**104,999**	93,067
Support services	**39,328**	39,220
Total expenses	**144,327**	132,287
Increase in unrestricted net assets	**443,709**	364,764
Unrestricted net assets, beginning of year	**1,251,288**	886,524
Unrestricted net assets, end of year	**$ 1,694,997**	$ 1,251,288

The accompanying footnotes are an integral part of these financial statements.

For the years ended December 31,	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	**$ 443,709**	$ 364,764
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Rollover of interest on certificates of deposit	**-**	(1,538)
Decrease (increase) in accrued interest receivable	**(1,233)**	300
Decrease in employee advance	**-**	600
Increase in prepaid insurance	**(267)**	(7,428)
Increase (decrease) in security deposit	**15,000**	(5,000)
Increase (decrease) in accounts payable and accrued expenses	**(1,294)**	524
Increase in deferred revenues	**87,360**	-
Net cash provided by operating activities	**543,275**	352,222
Cash flows from investing activities:		
Maturity of certificate of deposit	**-**	100,505
Purchases of certificates of deposit	**(360,991)**	(250,000)
Net cash used in investing activities	**(360,991)**	(149,495)
Net increase in cash	**182,284**	202,727
Cash and cash equivalents at beginning of year	**535,326**	332,599
Cash and cash equivalents at end of year	**$ 717,610**	$ 535,326

The accompanying footnotes are an integral part of these financial statements.

The Industrial Development Board of New Orleans, Louisiana, Inc.
Statement of Functional Expenses

For the year ended December 31, 2014	Program Services	Support Services	Total
Payroll and related expenses	$ 68,933	$ 26,101	$ 95,034
Professional fees	16,920	-	16,920
Six Flags expenses	13,719	-	13,719
Rental expense	-	5,787	5,787
Office expense and supplies	960	2,367	3,327
Website expense	1,000	1,000	2,000
Insurance	1,486	1,486	2,972
Parking	1,439	1,440	2,879
Meeting and travel	542	542	1,084
Postage and delivery	-	308	308
Miscellaneous	-	297	297
Total	$ 104,999	$ 39,328	$ 144,327

The accompanying footnotes are an integral part of these financial statements.

The Industrial Development Board of New Orleans, Louisiana, Inc.
Statement of Functional Expenses

For the year ended December 31, 2013	Program Services	Support Services	Total
Payroll and related expenses	$ 63,122	$ 24,661	$ 87,783
Professional fees	17,501	-	17,501
Six Flags expenses	6,536	-	6,536
Rental expense	-	4,808	4,808
Office expense and supplies	967	3,997	4,964
Website expense	1,500	1,500	3,000
Insurance	1,487	1,486	2,973
Parking	1,323	1,322	2,645
Meeting and travel	631	631	1,262
Postage and delivery	-	301	301
Miscellaneous	-	514	514
Total	$ 93,067	$ 39,220	$ 132,287

The accompanying footnotes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB") is a Louisiana non-profit corporation organized pursuant to the provisions of Title 51, Chapter 7 of the Louisiana Revised Statutes. IDB was created by the New Orleans City Council in 1972 to promote the retention, expansion, and attraction of business and commercial enterprises in Orleans Parish and to expand employment opportunities. IDB has the ability to issue taxable and tax exempt revenue bonds and other obligations to acquire land, construct, purchase, or renovate buildings to acquire and install machinery and equipment, and to finance any other economic development efforts. IDB can issue bonds without the necessity of calling a public bond election or having a public sale of bonds. The bonds (either taxable or tax exempt) are financed by the developer. Tax exempt bonds provide the incentive of a below market interest rate. IDB may also offer a PILOT (payment in lieu of taxes). A PILOT, if granted, may assist the developer with their financing of the project.

Estimates

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

Cash and cash equivalents

Cash and cash equivalents have been defined by IDB as those amounts included in the statement of financial position caption "Cash." IDB considers all highly liquid debt instruments with original maturities at purchase of three months or less to be cash equivalents.

Certificates of deposit

Certificates of deposit are stated at cost which approximates fair value. Certificate terms typically range from six months to one year.

Net assets

Under accounting principles generally accepted in the United States, IDB reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All of IDB's assets are classified as unrestricted; there were no temporarily or permanently restricted net assets at December 31, 2014 and 2013.

Advertising

Advertising costs are expensed as incurred. There were no advertising expenses in 2014 and 2013.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent events
In preparing these financial statements, IDB has evaluated events and transactions for potential recognition or disclosure through April 10, 2015, the date the financial statements were available to be issued and noted no items for disclosure.

Deferred Revenues
Deferred revenue consists of funds received by IDB of NO related to the future use of the Six Flag lands.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Federal Deposit Insurance Corporation ("FDIC") provides insurance coverage under defined dollar limits. The FDIC is not obligated to pay uninsured deposits. IDB maintains demand and time deposit accounts at various banks. As of December 31, 2014 and 2013, IDB had approximately $18,560 and $2,300, respectively, of uninsured deposits. IDB has not experienced any losses in such accounts.

NOTE 3 - ECONOMIC ENVIRONMENT

Income is dependent primarily upon IDB receiving a sufficient number of applications wherein the applicant/developer is seeking bond financing through IDB and, additionally in some instances, a PILOT. In the long-term, these applications and the subsequent successful bond issuance generate closing costs income and potentially annual administrative fees if a PILOT is involved. All such projects occur in Orleans Parish. A decline in local and general economic conditions could affect the generation of revenue.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Prior to 2005, the Six Flags project (an amusement park) in New Orleans East received a PILOT. At the request of the City of New Orleans, IDB became the property owner of record of the Six Flags site. As a result of the sale of a servitude on the property, IDB received a payment of $112,584 in 2008. Also in 2008, IDB deposited these funds in a separate interest bearing cash account. The Six Flags site has been abandoned since 2005. Beginning in 2011, IDB has utilized funds from the Six Flags cash account to cover primarily minimal grounds maintenance and containment of the site.

NOTE 5 - SIX FLAGS AGREEMENTS

IDB has signed multiple short-term lease agreements with film companies. The agreements give the companies the right to use the Six Flags property for movie filming. The agreements provide that IDB is to receive $250 for each day of set up and $1,500 for each day of filming.

Schedule of Compensation, Benefits and Other Payments to Agency Head

Mr. Alan Philipson, Board President, did not receive any
compensation, benefits, or other payments for the year ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Industrial Development Board of the City of New Orleans, Louisiana, Inc. ("IDB"), which comprise the Statements of Financial Position as of December 31, 2014 and 2013, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IDB'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 IDB's internal control. Accordingly, we do not express an opinion on the effectiveness of IDB's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 IDB's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, **2014-001**.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IDB'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*.

IDB's Response to Findings

IDB's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. IDB's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 IDB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

April 10, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified	Yes
b. Significant deficiencies not considered to be material weaknesses	No
c. Noncompliance material to the financial statements noted	No
3. Management letter	No

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

2014-001: Assistance in Drafting Financial Statements

Classification: Material Weakness

Criteria: Professional standards state that it is a strong indication of a material weakness in internal control if the entity has ineffective controls over the preparation of their financial statements, such that the entity controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

Condition: The auditor assisted with drafting the financial statements, including the related footnotes, though the auditor is not responsible for establishing or maintaining internal controls over the preparation of the financial statements.

Cause: IDB does not have the expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect: The financial statements could be materially misstated.

C. FINDINGS AND QUESTIONED COSTS TO MAJOR FEDERAL AWARD PROGRAMS.

Not applicable.

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Material Weakness

Internal Control 2013-01: Assistance in Drafting Financial Statements - Unresolved (See current year finding 2014-001)

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.

FINDING 2014-001

Management's Response: Management does not consider the benefit of retaining an individual with the required expertise to outweigh the cost of implementation.