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**NOLA BUSINESS ALLIANCE**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

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A Professional Accounting Corporation

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**NOLA BUSINESS ALLIANCE**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

## CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2013 and 2012	4
Statements of Functional Expenses For the Years Ended December 31, 2013 and 2012	5 - 6
Statements of Cash Flows	7
<u>NOTES TO FINANCIAL STATEMENTS</u>	8 - 13
<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL</u> <u>OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER</u> <u>BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED</u> <u>IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></u>	14 - 15

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
NOLA Business Alliance  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of the NOLA Business Alliance (a nonprofit organization) (the Organization) as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets, functional expenses and cash flows 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.

### *Auditors' 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the NOLA Business Alliance as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the Organization'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* and should be considered in assessing the results of our audit.

*Postlethwaite & Nutterville*

New Orleans, Louisiana  
June 25, 2014

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 858,659	\$ 574,279
Grant receivable	59,001	100,770
Pledges receivable, current, net of allowance of \$4,000 and \$5,000, respectively	43,270	28,000
Prepaid expenses	31,883	16,110
Total current assets	992,813	719,159
<b><u>NON-CURRENT ASSETS</u></b>		
Property and equipment, net	85,671	123,311
Pledges receivable, long term, net of discount of \$1,950	58,050	75,965
Deposits	6,755	6,755
Total non-current assets	150,476	206,031
<b><u>TOTAL ASSETS</u></b>	<b>\$ 1,143,289</b>	<b>\$ 925,190</b>

LIABILITIES AND NET ASSETS

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 30,513	\$ 73,259
Deferred revenue	525,000	375,000
Payroll liabilities	89,810	56,409
Total current liabilities	645,323	504,668
<b><u>NON-CURRENT LIABILITIES</u></b>		
Deferred rent liability	14,387	15,392
Total noncurrent liabilities	14,387	15,392
<b><u>TOTAL LIABILITIES</u></b>	<b>659,710</b>	<b>520,060</b>
<b><u>NET ASSETS</u></b>		
Unrestricted	387,529	338,665
Temporarily Restricted	96,050	66,465
Total net assets	483,579	405,130
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 1,143,289</b>	<b>\$ 925,190</b>

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

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>			<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUE AND OTHER SUPPORT</u></b>						
Grant revenue	\$ 1,946,644	\$ -	\$ 1,946,644	\$ 1,673,417	\$ -	\$ 1,673,417
Private contributions	382,653	29,585	412,238	339,499	66,465	405,964
In-kind contributions	90,423	-	90,423	147,560	-	147,560
Miscellaneous revenue	2,472	-	2,472	9,016	-	9,016
Total revenues and other support	<u>2,422,192</u>	<u>29,585</u>	<u>2,451,777</u>	<u>2,169,492</u>	<u>66,465</u>	<u>2,235,957</u>
<b><u>EXPENSES</u></b>						
Program services	1,650,464	-	1,650,464	1,726,116	-	1,726,116
Management and general	490,231	-	490,231	488,386	-	488,386
Fundraising	232,633	-	232,633	158,904	-	158,904
Total expenses	<u>2,373,328</u>	<u>-</u>	<u>2,373,328</u>	<u>2,373,406</u>	<u>-</u>	<u>2,373,406</u>
<b><u>CHANGE IN NET ASSETS</u></b>	48,864	29,585	78,449	(203,914)	66,465	(137,449)
Net assets, beginning of year	<u>338,665</u>	<u>66,465</u>	<u>405,130</u>	<u>542,579</u>	<u>-</u>	<u>542,579</u>
Net assets, end of year	<u>\$ 387,529</u>	<u>\$ 96,050</u>	<u>\$ 483,579</u>	<u>\$ 338,665</u>	<u>\$ 66,465</u>	<u>\$ 405,130</u>

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



NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

2013	Program Services	Management and General	Fundraising	Total
Staffing Expense	\$ 839,508	\$ 335,229	\$ 181,468	\$ 1,356,205
Professional Services	439,372	68,371	18,736	526,479
Travel and Business Development	75,302	9,017	6,501	90,820
Meetings and Events	140,152	5,465	5,519	151,136
Rent Expense	54,922	18,839	8,596	82,357
Equipment Leases	12,850	-	-	12,850
Depreciation Expense	23,422	8,034	3,666	35,122
Continued Education and Training	-	1,414	1,048	2,462
Communication Expenses	15,659	5,371	2,451	23,481
Uncollectible Pledge Provision	-	14,052	-	14,052
Office Expense	1,638	8,102	35	9,775
Office Supplies	4,581	1,571	717	6,869
Printing and Reproduction	18,378	6,165	1,438	25,981
Advertising	-	1,100	-	1,100
Insurance Expense	11,656	3,998	1,824	17,478
Postage and Delivery Charges	1,384	745	454	2,583
Dues/Memberships/Subscriptions	2,269	2,673	180	5,122
Repairs and Maintenance	5,918	-	-	5,918
Loss on Disposal	3,453	-	-	3,453
Bank Charges	-	75	-	75
Tax, License and Fees	-	10	-	10
	<u>\$ 1,650,464</u>	<u>\$ 490,231</u>	<u>\$ 232,633</u>	<u>\$ 2,373,328</u>

(continued)

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



NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>2012</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Staffing Expenses	\$ 840,625	\$ 292,499	\$ 129,545	\$ 1,262,669
Professional Services	451,082	98,443	11,723	561,248
Travel and Business Development	123,619	20,602	4,643	148,864
Meetings and Events	141,998	1,486	936	144,420
Rent Expense	57,018	17,106	5,702	79,826
Equipment Leases	30,634	-	-	30,634
Depreciation Expense	20,234	6,070	2,023	28,327
Continuing Education and Training	8,969	15,577	-	24,546
Communication Expenses	15,499	4,757	1,652	21,908
Office Expense	2,536	12,487	184	15,207
Office Supplies	10,777	3,233	1,078	15,088
Printing and Reproduction	9,834	1,823	651	12,308
Advertising	3,122	5,424	-	8,546
Insurance Expense	4,710	1,463	499	6,672
Postage and Delivery Charges	2,030	2,220	268	4,518
Dues/Memberships/Subscriptions	3,347	965	-	4,312
Repairs and Maintenance	-	4,184	-	4,184
Bank Charges	82	17	-	99
Tax, License and Fees	-	30	-	30
Total	<u>\$ 1,726,116</u>	<u>\$ 488,386</u>	<u>\$ 158,904</u>	<u>\$ 2,373,406</u>

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

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 78,449	\$ (137,449)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	35,122	28,327
Loss on sale of fixed assets	3,453	-
Uncollectible pledge provision	14,052	(5,000)
Changes in assets and liabilities		
Grant receivable	41,769	24,230
Pledges receivable, net of discount	(11,407)	(88,965)
Prepaid expenses	(15,773)	(2,478)
Accounts payable	(42,746)	(3,913)
Deferred revenue	150,000	374,000
Payroll liabilities	33,401	29,634
Deferred rent liability	(1,005)	1,613
Net cash provided by operating activities	285,315	219,999
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(9,185)	(61,328)
Proceeds from sale of fixed assets	8,250	-
Net cash used in investing activities	(935)	(61,328)
Net change in cash and cash equivalents	284,380	158,671
<b><u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u></b>		
Cash and cash equivalents, beginning of year	574,279	415,608
Cash and cash equivalents, end of year	\$ 858,659	\$ 574,279

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

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

1. Nature of Activities

NOLA Business Alliance (NOLABA, or the Organization) is a 501(c) (3) exempt organization. NOLABA was incorporated in the State of Louisiana in 2010 and is the official non-profit organization tasked with leading the economic development initiative for the City of New Orleans. Operations of the Organization began in fiscal 2011.

2. Summary of Significant Accounting Policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised. In-kind donations are recognized at their fair market value when received.

Basis of presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred revenues

The Organization records revenues in the period the revenues are earned. As of December 31, 2013 and 2012, the Organization recorded deferred revenue of \$525,000 and \$375,000, respectively in the Statements of Financial Position.

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

2. Summary of Significant Accounting Policies (continued)

Income taxes

The Organization is a non-profit corporation that is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. The Organization paid no federal income tax for the years ended December 31, 2013 and 2012.

Accounting Standards Codification (ASC) *Accounting for Uncertainty in Income Taxes* policy, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It also clarifies the application of accounting for income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The adoption of the provisions of the interpretation had no material impact on the Organization's financial statements. The organization's tax returns for the years ended 2012 and 2011 remain open and subject to examination by taxing authorities. The organization's 2013 tax return has not yet been filed as of the report date and is on valid extension.

Cash and cash equivalents

For purposes of reporting cash flows, cash consists of cash and cash equivalents. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grant receivable

Grant receivable is comprised of amounts due from the City of New Orleans (the City) and the Department of Commerce Economic Development Agency (EDA). The amounts due are governed by the Cooperative Endeavor Agreement signed by the Organization and the City in April 2013 and the grant award from EDA in September 2012. No allowance for doubtful accounts is recorded against this receivable.

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

2. Summary of Significant Accounting Policies (continued)

Property and equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost when purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated over the shorter of the life of the asset or the life of the lease. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. There were no impairments recognized during 2013 or 2012.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support based on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Temporarily restricted net assets at December 31, 2013 and 2012 consist of pledges receivable of \$96,050 and \$66,465, respectively.

In-kind contributions

In-kind contributions are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Management has estimated the value of in-kind contributions to be \$90,423 and \$147,560 for the years ended December 31, 2013 and 2012, respectively.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend are substantially met and the promises become unconditional. The organization provides for estimated uncollectible for pledges receivable based on management's analysis of specific promises made. The allowance for pledges receivable was \$4,000

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

2. Summary of Significant Accounting Policies (continued)

Promises to give (continued)

and \$5,000, respectively, at December 31, 2013 and 2012. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Advertising

Advertising costs are expensed in the period in which the advertising occurs. During 2013 and 2012, advertising costs totaled \$1,100 and \$8,546, respectively.

Functional expenses

Generally, expenses are charged to each program or function based on direct expenditures incurred. Expenditures not directly chargeable are allocated to programs or functions based on the estimated percentage of time spent by the Organization's employees or the space utilized.

3. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>Useful Lives</u>	<u>2013</u>	<u>2012</u>
Furniture & Fixtures	7 years	\$19,727	\$33,572
Office Equipment	3 - 5 years	103,919	97,170
Leasehold improvements	7 years	29,521	27,085
		<u>153,167</u>	<u>157,827</u>
Accumulated depreciation		<u>(67,496)</u>	<u>(34,516)</u>
		<u>\$85,671</u>	<u>\$123,311</u>

Depreciation expense for fiscal year ended December 31, 2013 and 2012 was \$35,122 and \$28,327, respectively.

NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

4. Commitments and Contingencies

Lease Commitments

The Organization leases office space. The office space lease is for seventy five months. As the lease agreement has an escalation clause, the Organization has accrued deferred rent to normalize the annual lease payments over the terms of the lease. Deferred rent at December 31, 2013 and 2012 is \$14,387 and \$15,392, respectively and is included in non-current liabilities of the accompanying statements of financial position.

Future obligations under operating lease agreements are as follows at December 31, 2013:

Fiscal Years		
2014	\$	103,831
2015		104,067
2016		105,249
2017		106,667
2018		20,978

4. Financial Instruments and Credit Concentration

The Organization maintains its cash balance in two financial institutions in New Orleans, Louisiana. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2013, the Organization's uninsured cash balance totaled \$462,287. At December 31, 2012, all cash amounts on deposit were FDIC insured.

5. Cooperative Endeavor Agreement

The Organization and the City of New Orleans entered into a cooperative endeavor agreement (CEA) effective April 1, 2011 for the Organization to provide strategic planning, business retention and expansion, business development and overall economic development to the City of New Orleans. In 2013, the organization renewed the agreement for the twelve month period beginning April 1, 2013. The CEA provides for the City to fund \$1,500,000 to the Organization as compensation for the economic development services to be provided over the term of one year. The Organization agrees to raise a minimum of \$500,000 annually through fundraising activities. For the years ended December 31, 2013 and 2012, the Organization recognized \$1,500,000 and \$1,507,440 of grant revenue from the City.



NOLA BUSINESS ALLIANCE  
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

6. Grants

During 2012, the Organization received a grant from the Department of Commerce Economic Development Administration (EDA) in the amount of \$1,000,000. The EDA funds will be used, over a period of 3 years, to create an economic development strategic plan and build the organizational capacity of the NOLABA.

7. Line of Credit

During the 2012 fiscal year, the Organization entered into a line of credit with a financial institution. The maximum amount available on the line was \$250,000 at December 31, 2013. The interest rate was 5% with a zero balance on the line of credit at year end. The line of credit has no expiration date.

8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 25, 2014 and determined that there were no other items for disclosure.

**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  
NOLA Business Alliance  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of NOLA Business Alliance (the Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Post LeRoux & Nutterville*

New Orleans, Louisiana

June 25, 2014