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LOUISIANA TRAVEL PROMOTION ASSOCIATION

JUNE 30, 2002 AND 2001

BATON ROUGE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/12/03

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August 9, 2002

Independent Auditor's Report

To the Board of Directors
Louisiana Travel Promotion Association
Baton Rouge, Louisiana

We have audited the accompanying Statements of Financial Position of Louisiana Travel Promotion Association as of June 30, 2002 and 2001 and the related Statements of Activities, and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Travel Promotion Association as of June 30, 2002 and 2001 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2002 on our consideration of Louisiana Travel Promotion Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Hannis T. Bourgeois, LLP

LOUISIANA TRAVEL PROMOTION ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 205,802	\$ 263,352
Certificates of Deposit	162,083	160,000
Investments	97,026	93,078
Accounts Receivable (Net of Allowance of \$1,839 for 2002 and 2001)	225,556	95,978
Prepaid Expenses	<u>35,245</u>	<u>30,716</u>
Total Current Assets	725,712	643,124
Property and Equipment:		
Vehicles	37,004	22,481
Furniture and Equipment	306,202	267,900
Building and Landscape	<u>422,000</u>	<u>422,000</u>
	765,206	712,381
Less Accumulated Depreciation	<u>(179,044)</u>	<u>(138,550)</u>
	586,162	573,831
Land	<u>200,000</u>	<u>200,000</u>
	786,162	773,831
Total Assets	<u>\$ 1,511,874</u>	<u>\$ 1,416,955</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>2002</u>	<u>2001</u>
Current Liabilities:		
Accounts Payable	\$ 303,959	\$ 335,375
Accrued Expenses	30,989	41,705
Deferred Revenue	349,386	269,198
Current Portion of Capital Lease Payable	2,705	5,318
Current Portion of Long-Term Debt	<u>10,335</u>	<u>-</u>
Total Current Liabilities	697,374	651,596
Long-Term Liabilities:		
Capital Lease Payable	-	2,705
Long-Term Debt	<u>19,807</u>	<u>-</u>
Total Long-Term Liabilities	19,807	2,705
Net Assets - Unrestricted:		
Board Designated	126,954	156,412
Undesignated - General Operations	<u>667,739</u>	<u>606,242</u>
Total Net Assets	794,693	762,654
Total Liabilities and Net Assets	<u>\$ 1,511,874</u>	<u>\$ 1,416,955</u>

LOUISIANA TRAVEL PROMOTION ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Operating Revenues:		
Tour Guide and Maps	\$ 1,199,791	\$ 1,246,166
CO-OP Advertising	347,500	408,908
Printing and Distribution	256,043	276,780
Memberships	278,846	277,579
Trade Shows	208,670	146,831
Travel Summit	117,292	127,845
Governmental Action	65,990	74,992
Education	48,826	39,195
Internet	92,475	102,145
Other	<u>15,124</u>	<u>15,939</u>
Total Revenues	2,630,557	2,716,380
Operating Expenses:		
Tour Guide and Maps	814,565	951,788
CO-OP Advertising	289,051	337,325
Printing and Distribution	149,808	170,179
Trade Shows	150,882	105,362
Travel Summit	78,089	80,523
Governmental Action	58,286	67,566
Education	58,035	68,689
Internet	76,340	81,872
Salaries and Related Benefits	687,744	676,388
Rents and Utilities	9,324	12,717
Office Supplies/Printing	24,888	31,101
Telephone	23,043	22,116
Postage	11,740	13,880
Travel and Related	40,805	49,340
Repairs	18,908	20,424
Accounting and Professional	6,430	6,340
Depreciation	62,976	57,630
Other	21,455	18,169
Computer	18,026	13,212
Bad Debt	<u>2,530</u>	<u>-</u>
Total Expenses	2,602,925	2,784,621

(CONTINUED)

	<u>2002</u>	<u>2001</u>
Income (Loss) from Operations	27,632	(68,241)
Other Revenues (Expenses):		
Interest	20,458	33,305
Unrealized Gain (Loss) in Fair Value of Investments	(20,985)	(17,567)
Dividends	934	1,774
Gain (Loss) on Sale of Assets	<u>4,000</u>	<u>-</u>
	4,407	17,512
Increase (Decrease) in Net Assets	<u>32,039</u>	<u>(50,729)</u>
Unrestricted Net Assets - Beginning of Year	<u>762,654</u>	<u>813,383</u>
Unrestricted Net Assets - End of Year	<u>\$ 794,693</u>	<u>\$ 762,654</u>

The accompanying notes are an integral part of this statement.

LOUISIANA TRAVEL PROMOTION ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 32,039	\$ (50,729)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:		
Depreciation	62,976	57,630
(Gain) Loss on Disposition of Fixed Assets	(4,000)	-
Reinvestment of Dividend	(934)	(1,774)
Unrealized (Gain) Loss on Investment	20,985	17,567
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(129,578)	17,708
(Increase) Decrease in Prepaid Expense	(4,529)	(4,856)
Increase (Decrease) in Accounts Payable	(31,416)	66,377
Increase (Decrease) in Accrued Expenses	(10,716)	1,794
Increase (Decrease) in Deferred Revenues	80,188	(3,771)
Net Cash Provided by Operating Activities	15,015	99,946
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(82,083)	-
Purchases of Property and Equipment	(75,306)	(165,586)
Proceeds from Sale of Assets	4,000	-
Purchases of Investments	(24,000)	(6,000)
Maturities of Certificates of Deposit	80,000	80,000
Net Cash Used in Investing Activities	(97,389)	(91,586)
Cash Flows from Financing Activities:		
Repayment of Debt	(861)	-
Repayment of Capital Lease Payable	(5,318)	(5,194)
Proceeds from Long-Term Debt	31,003	-
Net Cash Provided by (Used in) Financing Activities	24,824	(5,194)
Net Increase (Decrease) in Cash	(57,550)	3,166
Cash - Beginning of Year	263,352	260,186
Cash - End of Year	\$ 205,802	\$ 263,352
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for:		
Interest	\$ 159	\$ 259

The accompanying notes are an integral part of this statement.

LOUISIANA TRAVEL PROMOTION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

Note 1 - Summary of Significant Accounting Policies -

Nature of Business

The Louisiana Travel Promotion Association, Inc. (Association) is operated exclusively for the purpose and objective of assisting and encouraging the prosperity of the State of Louisiana and its people through a broad and intense promotion of the tourist industry; to originate, and participate in, tourism programs and movements having as their aim the betterment of the economy of Louisiana and its people; and to this end, to bring together, and coordinate the efforts of all forces of business, industry, political subdivisions, civic and other groups and individuals.

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report 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, as applicable. At June 30, 2002 and 2001, all the Association's net assets are considered unrestricted.

Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of reporting cash flows.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. Expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income. Depreciation is provided over the estimated useful lives of the assets (five to 30 years) using the straight-line method. Amortization of capital leases is computed using the straight-line method over the estimated useful life of those assets. Amortization is included in depreciation expense in the income statement.

Revenue Recognition

The Association recognizes membership dues in the applicable membership period.

In addition, the Association publishes a tour guide and sells advertising space in the tour guide. The Association also promotes Louisiana tourism through trade shows supported by member involvement.

Deferred Revenue

Prepayments and revenues billed in advance for programs are deferred and recorded in income in the period in which the related services are rendered or the program is completed. A program is considered complete when all costs, except insignificant items, have been incurred. In addition, expenses related to the programs or services are deferred and recognized in the same period as the corresponding revenue.

Deferred income also consists of membership dues paid prior to the effective date of the membership.

Marketable Securities and Investments

In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost if purchased, or, if contributed, at fair value at the date of contribution.

Income Taxes

The Association is a non-profit organization, which is exempt from income taxes under the Internal Revenue Code 501(c)(6); however, the tour guide, co-op advertising, certain travel shows, internet brochure printing and the Louisiana Travel Promotion Association School of Tourism activities are not considered tax exempt. The accrual basis of accounting is used for tax purposes, with overhead being allocated to the tour guide and co-op advertising activities based upon a percentage of total revenues.

Estimates

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

Concentrations of Credit Risk

The Association maintains cash accounts with commercial banks and investment companies. Periodically, cash may exceed federally insured amounts.

Note 2 - Marketable Securities and Investments -

The Association's investments are recorded at market value. The following is a summary of the Association's investments at June 30, 2002 and 2001.

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized</u>	
			<u>Gain</u>	<u>Loss</u>
June 30, 2002				
Mutual Fund - Equity Securities	\$ 132,868	\$ 97,026	\$ -	\$ 35,842
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
June 30, 2001				
Mutual Fund - Equity Securities	\$ 107,935	\$ 93,078	\$ -	\$ 14,857
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note 3 - Lease Commitments -

The Association acquired certain office equipment by capital leases which contain bargain purchase options in which it may purchase the assets at the end of the lease term.

The following is a schedule by years of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2002:

June 30, 2003	\$ 2,705
	<u>2,705</u>
Net Minimum Lease Payments	\$ 2,726
Less: Amount Representing Interest	<u>(21)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 2,705</u>

Note 4 - Note Payable -

At June 30, 2002, the Association had a note payable to GMAC totaling \$30,142. The note is payable in monthly installments of \$861. There is no interest due on the note. Maturities by year are as follows:

June 30, 2003	\$ 10,335
June 30, 2004	10,335
June 30, 2005	<u>9,472</u>
	<u>\$ 30,142</u>

Note 5 - Income Taxes -

The Association had unrelated business income of approximately \$12,000 for the year ended June 30, 2002. This was offset by the net operating loss carryforward, therefore no tax is due. The Association had an unrelated business taxable loss for the year ended June 30, 2001.

Note 6 - Functional Expenses -

The following is a breakdown by functional expense classification.

	<u>2002</u>	<u>2001</u>
Program Services:		
Membership Development	\$ 289,615	\$ 331,316
Marketing Programs	1,472,844	1,607,259
Membership Services	275,217	267,978
Governmental Action	<u>58,286</u>	<u>67,566</u>
	2,095,962	2,274,119
General and Administrative	<u>506,963</u>	<u>510,502</u>
	<u>\$ 2,602,925</u>	<u>\$ 2,784,621</u>

Note 7 - Board Designated Funds -

The Board designated funds are to be reserved for future Association projects which might require capitalization. The money is invested in certificates of deposit and other short-term investments. During the year ended June 30, 2002, the Board approved using \$29,458 of the Board Designated Funds to fund the search for a new executive director.

Note 8 - Concentrations -

The Association has an annual contract with the State of Louisiana, Department of Tourism to produce the Louisiana "Tour Guide." Under the terms of the contract the department paid the Association \$442,737 and \$509,792 in 2002 and 2001, respectively to produce the guide. The Department then distributes the guide to anyone who requests it. The Association also sells advertising in the guide. The contract is a cooperative venture with the state and is subject to renewal annually. The Association also has accounts receivable from members who are mostly located in the State of Louisiana.

SUPPLEMENTARY INFORMATION

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



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August 9, 2002

To the Board of Directors
Louisiana Travel Promotion Association
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Travel Promotion Association as of and for the year ended June 30, 2002 and have issued our report thereon dated August 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Travel Promotion Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Travel Promotion Association'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 consider to be material weaknesses.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and should not be used for any other purpose.

Respectfully submitted,

Hannis T. Bourgeois, LLP

LOUISIANA TRAVEL PROMOTION ASSOCIATION

MANAGEMENT LETTER

JUNE 30, 2002

BATON ROUGE, LOUISIANA



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August 9, 2002

To the Board of Directors
Louisiana Travel Promotion Association
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Louisiana Travel Promotion Association for the year ended June 30, 2002 we considered its internal control structure 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 structure. However, during our audit we became aware of the following matter that will enhance your accounting system.

In-Kind Goods and Services

During the current year, it was noted that the Association receives various in-kind goods and services. We suggest that these in-kind goods and services be documented throughout the year in order to determine the proper reporting. Donated services should only be recognized in the financial statements if the services either:

- a) create or enhance a nonfinancial asset, or
- b) require specialized skills, and are provided by entities or persons possessing those skills, and would be purchased if they were not donated.

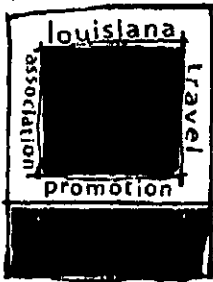
Donated goods and services should be measured at fair value.

The Board of Directors should set guidelines as to the minimum in-kind goods or services that should be reported.

We will be available to answer any questions you may have concerning this suggestion. We wish to express our appreciation for the cooperation and courtesy extended to our representatives by your personnel during the course of this examination. This report is intended solely for the information and use of the Board of Directors of Louisiana Travel Promotion Association.

Respectfully submitted,

Hannis T. Bourgeois, LLP



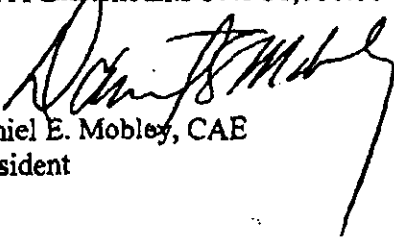
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September 12, 2002

Monica Zumo
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In response to your management letter of August 9, 2002, we agree donated goods & services should be measured at fair value and guidelines set as to a minimum in-kind goods or services to be reported.

In the future in-kind goods and services will be included in the books and records of LTPA and amounts over \$1,000.00 will be documented in the Board Minutes.


Daniel E. Mobley, CAE
President



promotion association

louisiana travel