

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010



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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**

We have audited the accompanying statements of financial position of Industrial Development Board of the City of New Orleans, Louisiana, Inc. (IDB) (a Louisiana nonprofit corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of IDB'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. 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 audits provide a reasonable basis for our 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, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Carr, Riggs & Ingram, L.L.C.

June 25, 2012

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Statements of Financial Position
December 31, 2011 and 2010**

ASSETS	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 347,083	\$ 376,114
Certificates of deposit	350,000	200,000
Accrued interest receivable	2,286	591
Employee advance	300	-
Prepaid insurance	<u>2,162</u>	<u>1,977</u>
Total current assets	<u>701,831</u>	<u>578,682</u>
Total assets	<u><u>\$ 701,831</u></u>	<u><u>\$ 578,682</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Advances from developers for compliance work	\$ -	\$ 3,900
Deferred revenue	<u>-</u>	<u>27,840</u>
Total current liabilities	<u>-</u>	<u>31,740</u>
Commitments and contingencies		
Unrestricted net assets	<u>701,831</u>	<u>546,942</u>
Total liabilities and net assets	<u><u>\$ 701,831</u></u>	<u><u>\$ 578,682</u></u>

See accompanying notes to the financial statements.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Statements of Activities
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Annual administrative fees	\$ 247,236	\$ 155,986
Closing costs	67,800	103,725
Application fees	500	5,000
Interest income	4,962	3,825
Other income	<u>676</u>	<u>341</u>
Total revenues	<u>321,174</u>	<u>268,877</u>
Expenses:		
Program services	117,641	79,552
Support services	<u>48,644</u>	<u>51,309</u>
Total expenses	<u>166,285</u>	<u>130,861</u>
Increase in unrestricted net assets	154,889	138,016
Unrestricted net assets, beginning of year	<u>546,942</u>	<u>408,926</u>
Unrestricted net assets, end of year	<u>\$ 701,831</u>	<u>\$ 546,942</u>

See accompanying notes to the financial statements.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Statements of Cash Flows
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 154,889	\$ 138,016
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
(Increase) in accrued interest receivable	(1,695)	(591)
(Increase) decrease in employee advance	(300)	1,000
(Increase) decrease in prepaid insurance	(185)	123
(Decrease) in advances from developers for compliance work	(3,900)	(3,100)
(Decrease) increase in deferred revenue	<u>(27,840)</u>	<u>27,840</u>
Net cash provided by operating activities	<u>120,969</u>	<u>163,288</u>
Cash flows from investing activity -		
Purchase of certificate of deposit	<u>(150,000)</u>	<u>(100,000)</u>
Net (decrease) increase in cash	(29,031)	63,288
Cash at beginning of year	<u>376,114</u>	<u>312,826</u>
Cash at end of year	<u>\$ 347,083</u>	<u>\$ 376,114</u>

See accompanying notes to the financial statements.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010**

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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, 2011 or 2010.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$-0- in 2011 and \$141 in 2010.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements
(Continued)**

A. NATURE OF ORGANIZATION AND 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 June 25, 2012, the date the financial statements were available to be issued.

B. CONCENTRATION 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. During 2011 and 2010, IDB's demand and time deposit accounts were protected by FDIC's insurance coverage.

C. 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.

D. COMMITMENTS AND CONTINGENCIES

IDB leases its office space from the City of New Orleans. Normally, the lease is renewed annually and runs from March to February each year. IDB also rents outside storage space under a month-to-month lease which was \$120 per month through October 2010, \$126 per month beginning with November 2010, and \$136 per month beginning with November 2011. The total rent expense in 2011 and 2010 associated with these two leases was \$5,085 and \$5,005. In March 2012, the lease with the City was renewed until February 2013 at \$3,685 for the year.

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. In 2011, IDB utilized \$17,006 from the Six Flags cash account to cover primarily minimal grounds maintenance and containment of the site.

**Industrial Development Board of the
City of New Orleans, Louisiana, Inc.
Notes to Financial Statements
(Continued)**

D. COMMITMENTS AND CONTINGENCIES - continued

The property, from time to time, has not been insured for liability purposes. There are no known liability claims. The intermittent lack of insurance on the property results in unknown potential liabilities for IDB. The property is currently being used and insured by a film company with IDB as a named insured. In addition, a lease is being negotiated with a developer for due diligence procedures and potential development of the property. It is expected that the lease, if executed, will require the lessee to insure the property with IDB as a named insured.

E. FUNCTIONAL EXPENSES

Functional expenses for the years ended December 31, 2011 and 2010 are summarized as follows:

	2011		
	Program	Support	Total
	Services	Services	
Payroll and related expenses	\$ 61,612	\$ 24,190	\$ 85,802
Professional fees	33,313	11,946	45,259
Six Flags expense	17,006	-	17,006
Rental expense	-	5,085	5,085
Office expense and supplies	1,040	2,299	3,339
Insurance	1,349	1,348	2,697
Parking	1,203	1,203	2,406
Website expense	1,200	1,200	2,400
Meetings and travel	830	829	1,659
Postage and delivery	88	258	346
Miscellaneous	-	286	286
	<u>\$ 117,641</u>	<u>\$ 48,644</u>	<u>\$ 166,285</u>

	2010		
	Program	Support	Total
	Services	Services	
Payroll and related expenses	\$ 58,462	\$ 22,608	\$ 81,070
Professional fees	15,300	13,385	28,685
Rental expense	-	5,005	5,005
Office expense and supplies	516	4,173	4,689
Website expense	1,440	1,440	2,880
Insurance	1,379	1,380	2,759
Meetings and travel	1,019	1,100	2,119
Parking	1,057	1,057	2,114
Postage and delivery	379	229	608
Printing	-	561	561
Miscellaneous	-	230	230
Advertising	-	141	141
	<u>\$ 79,552</u>	<u>\$ 51,309</u>	<u>\$ 130,861</u>