

Financial Report

New Orleans Musicians Assistance Foundation

December 31, 2017



Financial Reports

New Orleans Musicians Assistance Foundation

December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
New Orleans Musicians Assistance Foundation,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of New Orleans Musicians Assistance Foundation (the "Foundation") (a nonprofit Foundation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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. 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 the entity'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 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 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 Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

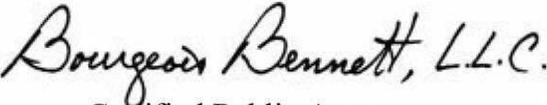
Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (Schedule 1) is presented for purposes of additional analysis and is 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 June 28, 2018 on our consideration of the Foundation's internal control over financial reporting and on our test 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 the 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 the Foundation's internal control over financial reporting and compliance.


Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2018.

STATEMENT OF FINANCIAL POSITION**New Orleans Musicians Assistance Foundation**
New Orleans, Louisiana

December 31, 2017

Assets

Cash and cash equivalents	\$ 1,485,848
Investments	204,990
Accounts receivable	2,108
Prepaid expenses	7,866
Property and equipment, net of accumulated depreciation	<u>829</u>

Total assets	<u>\$ 1,701,641</u>
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Liabilities

Accounts payable and accrued expenses	\$ 6,929
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Net Assets

Unrestricted	<u>1,694,712</u>
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Total liabilities and net assets	<u>\$ 1,701,641</u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES**New Orleans Musicians Assistance Foundation**
New Orleans, Louisiana

For the year ended December 31, 2017

Revenues and Support	
Government awards	\$ 1,442
Contributions	361,126
In-kind support	443,435
Events/fundraising income	31,803
Private grants	194,141
Investment income	5,477
Miscellaneous income	<u>276,253</u>
Total revenues and support	<u>1,313,677</u>
Expenses	
Musician outreach	292,703
Clinical medical services	675,879
Management and general	84,738
Resource development	<u>144,994</u>
Total expenses	<u>1,198,314</u>
Increase in Net Assets	115,363
Net Assets	
Beginning of year	<u>1,579,349</u>
End of year	<u>\$ 1,694,712</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2017

	Program Services			Supporting Services			Totals
	Musician Outreach	Clinical Medical Services	Total Program Services	Management and General	Resource Development	Total Supporting Services	
Advertising/promotional	\$ 635	\$ 78	\$ 713	\$ -	\$ 20,094	\$ 20,094	\$ 20,807
Bank charges	-	-	-	174	3,383	3,557	3,557
Donor, musician/patient, and provider outreach	37,286	5,818	43,104	1,159	2,054	3,213	46,317
Dues and subscriptions	1,768	-	1,768	121	-	121	1,889
Emergency assistance	-	64,467	64,467	-	-	-	64,467
Graphics design and web	4,485	2,745	7,230	2,660	5,013	7,673	14,903
Insurance	5,564	1,530	7,094	807	538	1,345	8,439
IT and communications	3,727	967	4,694	3,782	444	4,226	8,920
Medical services	75	420,228	420,303	-	75	75	420,378
Personnel costs	72,120	26,448	98,568	23,088	44,500	67,588	166,156
Postage and shipping	462	-	462	934	1,810	2,744	3,206
Printing and publications	1,177	-	1,177	453	3,061	3,514	4,691
Professional fees	131,091	66,861	197,952	21,301	59,251	80,552	278,504
Rent expense	30,704	83,047	113,751	4,913	3,275	8,188	121,939
Repair and maintenance expense	370	-	370	6,228	-	6,228	6,598
Supplies expense	1,960	694	2,654	11,266	1,270	12,536	15,190
Transportation/travel expenses	111	2,918	3,029	2,017	101	2,118	5,147
Utilities	1,168	78	1,246	5,095	125	5,220	6,466
Total expenses before depreciation	292,703	675,879	968,582	83,998	144,994	228,992	1,197,574
Depreciation	-	-	-	740	-	740	740
Total expenses	<u>\$ 292,703</u>	<u>\$ 675,879</u>	<u>\$ 968,582</u>	<u>\$ 84,738</u>	<u>\$ 144,994</u>	<u>\$ 229,732</u>	<u>\$ 1,198,314</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**New Orleans Musicians Assistance Foundation**
New Orleans, Louisiana

For the year ended December 31, 2017

Cash Flows From Operating Activities	
Increase in net assets	\$ 115,363
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	740
Unrealized loss	123
Donation of investments	(2,053)
(Increase) decrease in operating assets:	
Accounts receivable	9,923
Prepaid expenses	(6,672)
Decrease in operating liabilities:	
Accounts payable and accrued expenses	<u>(23,853)</u>
Total adjustments	<u>(21,792)</u>
Net cash provided by operating activities	<u>93,571</u>
Cash Flows From Investing Activities	
Proceeds from maturities of certificates of deposit	<u>100,000</u>
Net Increase in Cash	193,571
Cash and Cash Equivalents	
Beginning of year	<u>1,292,277</u>
End of year	<u>\$ 1,485,848</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**New Orleans Musicians Assistance Foundation**
New Orleans, Louisiana

December 31, 2017

Note 1 - NATURE OF ACTIVITIES

New Orleans Musicians Assistance Foundation (the "Foundation") is a non-profit Foundation, incorporated on April 2, 2007 under the laws of the State of Louisiana. The mission of the Foundation is to keep music alive by sustaining New Orleans musicians and tradition bearers in body, mind, and spirit. The Foundation does this through providing access to health and social services through the New Orleans Musicians' Clinic (NOMC), regardless of patients' ability to pay, and by fostering cultural opportunities that advocate for and support this effort.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

b. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The Foundation does not have any temporarily restricted or permanently restricted net assets as of December 31, 2017.

c. Use of 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. Actual results could differ from those estimates.

d. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

e. Investments

Investments in certificates of deposit and common stock are measured at fair value in the Statement of Financial Position. Investment income or loss (including gains and losses on investments and interest) is included in the Statement of Activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

f. Property and Equipment

Property and equipment is recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Acquisitions of property and equipment in excess of \$500 and all expenditures for improvements, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Property and Equipment (Continued)

lives of the assets. Property and equipment items have estimated useful lives of three to five years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

g. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

h. Functional Allocation of Expenses

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimates of the costs involved.

i. In-kind Support

During the year ended December 31, 2017, the Foundation received in-kind support in the form of administrative, program development, and resource development services from the president and vice president of the Board of Directors. In addition, the Foundation received donated medical staff services from physicians and therapists and free use of medical facilities and office space. Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Income Taxes

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501 (c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2017, management of the Foundation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2014 and later remain subject to examination by taxing authorities.

k. Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated June 28, 2018, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and certificates of deposit accounts in several financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2017, the Foundation had approximately \$241,000 of cash balances in excess of the insured limits.

The Foundation maintained investments in certificates of deposit and money market accounts in an account at an investment brokerage firm, which is insured by the Securities Investor Protection Corporation for balances up to \$500,000 (with a limit of \$250,000 for cash). Money market deposits are swept to FDIC insured banks daily. As of December 31, 2017, the Foundation had approximately, \$288,000 of cash balances in excess of insured limits.

Note 4 - INVESTMENTS

The Foundation's investments as of December 31, 2017 are summarized below:

	Cost	Market	Excess of Market Over Cost
Certificates of deposit	\$ 200,000	\$ 200,032	\$ 32
Common stock	3,854	4,958	1,104
Totals	\$ 203,854	\$ 204,990	\$ 1,136
	Cost	Market	Excess of Market Over Cost
Balances as of December 31, 2017	\$ 203,854	\$ 204,990	\$ 1,136
Balances as of December 31, 2016	\$ 301,801	\$ 303,060	1,259
Decrease in unrealized appreciation			\$ (123)

Investment return for the year ended December 31, 2017 is summarized as follows:

Interest income	\$ 5,600
Net unrealized loss	(123)
Net investment income	\$ 5,477

Note 5 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

The Foundation uses the market approach for valuing certificates of deposit and common stock, which are within Level 1 of the fair value hierarchy. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of December 31, 2017, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	\$ 200,032	\$ 200,032	\$ -	\$ -
Common stock	4,958	4,958	-	-
	\$ 204,990	\$ 204,990	\$ -	\$ -

Note 6 - PROPERTY AND EQUIPMENT

Property and equipment includes the following as of December 31, 2017:

Computer equipment	\$ 22,439
Furniture and fixtures	2,183
	24,622
Less: accumulated depreciation	(23,793)
Net property and equipment	\$ 829

Depreciation for the year ended December 31, 2017 was \$740.

Note 7 - IN-KIND SUPPORT

The fair values of in-kind support and the corresponding expenses for the year ended December 31, 2017 are as follows:

Administrative and management fees	\$ 11,765
Resource development	53,868
Musician outreach	1,904
Medical facility occupancy	81,000
Medical staff services	117,948
Professional fees	<u>176,950</u>
Total	<u>\$ 443,435</u>

Two members of the four member Executive Committee of the Foundation's Board of Directors work substantially full time for the Foundation without compensation, and one member of the Board of Directors serves as the NOMC medical director without compensation. The value of the services provided by them during the year ended December 31, 2017 was approximately \$200,000, which is included in in-kind support as medical staff services, administrative and management fees, and resource development.

Note 8 - LEASE COMMITMENT

The Foundation leases its office space from a related party under a one year cancellable operating lease agreement that began on August 1, 2016 and was renewed for an additional year beginning on August 1, 2017. Monthly lease payments for the current lease are \$3,412 and future minimum payments under this operating lease total \$23,884. Rent expense totaled \$121,939 for the year ended December 31, 2017, including \$81,000 of in-kind rent.

Note 9 - CONSULTING AGREEMENTS

a. Medical Services

The Foundation has contractual agreements with several network providers to provide various medical services to musicians and others served by the Foundation. The agreements are renewed on an annual basis.

b. Administrative Services

The Foundation has contracted with various individuals to provide administrative and clerical services. The contractual agreements are renewed on an annual basis.

Note 10 - DEEPWATER HORIZON CLAIM SETTLEMENT

During the year ended December 31, 2017, the Foundation settled its Deepwater Horizon oil spill claim for \$362,200 and received a net disbursement of \$276,253 (76%) after deducting attorney's fees and expenses. The proceeds are included in miscellaneous income on the Statement of Activities.

SUPPLEMENTAL INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2017

Agency Head Name: Bethany Bultman, President and Director

Purpose

Salary	\$	0
Benefits - insurance		0
Benefits - retirement		0
Benefits - other		0
Car allowance		0
Vehicle provided by government		0
Per diem		0
Reimbursements		0
Travel		0
Registration fees		0
Conference travel		0
Continuing professional education fees		0
Housing		0
Unvouchered expenses		0
Special meals		0
		<hr/>
	\$	<hr/> <hr/> 0

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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,
New Orleans Musicians Assistance Foundation,
New Orleans, Louisiana.

We have audited, 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, the financial statements of New Orleans Musicians Assistance Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2017-01 and 2017-02 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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.

The Foundation's Response to Findings

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Foundation'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 the Foundation'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.



Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

New Orleans Musicians Assistance Foundation New Orleans, Louisiana

For the year ended December 31, 2017

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? X Yes ___ None reported

Noncompliance material to financial statements noted? ___ Yes X No

b) Federal Awards

The Foundation did not expend more than \$750,000 in Federal awards during the year ended December 31, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2017-01 Review of Accounts Payable and Recording Expenses

Criteria - A strong system of internal control includes the review of accounts payable reports by an individual that is segregated from the general ledger function.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

2017-01 Review of Accounts Payable and Recording Expenses (Continued)

Condition - The accounts payable subledger of the Foundation contained numerous debit balance accounts and numerous accounts that were displayed as greater than 90 days outstanding.

Cause - Expenses were accrued to accounts payable, and when payments were made on the accrued invoice, the payments were not correctly matched to offset the payables in the subledger.

Effect - Some charges were expensed twice and many debit balances remained in the subledger. Accounts payable and expenses were overstated for any accrued charges that were already paid.

Recommendation - We recommend that the Foundation designate someone not responsible for maintaining the general ledger to review the accounts payable subledger monthly for accuracy.

2017-02 Recording Investment Activity

Criteria - A strong internal control system includes monitoring investment account balances and recording any investment activity, including changes in value and investment income.

Condition - The Foundation earned interest income from investments, and a large investment was redeemed for cash. Certain investment activity was not reflected in the records of the Foundation.

Cause - The Foundation does not monitor investment activity and record adjustments monthly.

Effect - Investment balances were overstated and cash and investment income were understated.

Recommendation - We recommend that the Foundation reconcile the general ledger investment balance to the monthly investment account statement.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2017.

Section III- Federal Award Findings and Questioned Costs

Internal Control/Compliance

The Foundation did not expend more than \$750,000 in Federal awards during the year ended December 31, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

New Orleans Musicians Assistance Foundation New Orleans, Louisiana

For the year ended December 31, 2017

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2016.

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2016.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2016.

Section II - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend more than \$750,000 in Federal awards during the year ended December 31, 2016, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was issued in connection with the audit of the financial statements for the year ended December 31, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2017

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

2017-01 Review of Accounts Payable and Recording Expenses

Recommendation - We recommend that the Foundation designate someone not responsible for maintaining the general ledger to review the accounts payable subledger monthly.

Management's Corrective Action - The Foundation will implement procedures whereby the outside accountant will provide a listing of open accounts payable to the Foundation's managing director for review on a monthly basis.

2017-02 Recording Investment Activity

Recommendation - We recommend that the Foundation reconcile the general ledger investment balance to the monthly investment account statement.

Management's Corrective Action - The Foundation will implement procedures whereby the outside accountant will receive investment statements and record investment activity monthly.

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2017.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2017.

Section II - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend more than \$750,000 in Federal awards during the year ended December 31, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2017.