

FINANCIAL REPORT
NEW ORLEANS OPERA ASSOCIATION
JUNE 30, 2018 AND 2017

NEW ORLEANS OPERA ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

December 27, 2018

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To the Board of Directors of the
New Orleans Opera Association
New Orleans, Louisiana

We have audited the accompanying financial statements of the New Orleans Opera Association (the "Association"), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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.

Basis for Qualified Opinion

As more fully described in Note 2 to the financial statements, we were unable to satisfy ourselves concerning the basis at which certain real estate is recorded in the financial statements. Accounting principles generally accepted in the United States of America require real estate to be recorded at its fair value at the date of receipt. The effects on the accompanying financial statements have not been determined.

Qualified Opinion

In our opinion, except for the effects, if any, of the matter as discussed in the preceding paragraph and in Note 2, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Association. 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 December 27, 2018 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 Association's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 366,691	\$ 783,775
Accounts receivable	1,161,485	1,191,045
Inventory	-	2,455
Prepaid expenses	45,362	71,751
Total Current Assets	1,573,538	2,049,026
 PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation of \$1,985,345 and \$1,950,729	374,624	392,743
Net Property and Equipment	374,624	392,743
 TOTAL ASSETS	 \$ 1,948,162	 \$ 2,441,769

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 56,265	\$ 64,641
Line of credit	100,000	-
Deposits	3,300	6,350
Deferred income	346,866	324,251
Total Current Liabilities	506,431	395,242
 NET ASSETS:		
Unrestricted	1,260,163	1,836,739
Temporarily restricted	181,568	209,788
Total Net Assets	1,441,731	2,046,527
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,948,162	 \$ 2,441,769

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Revenues and Earned Income:			
Ticket sales	\$ 626,119	\$ -	\$ 626,119
Education	5,883	-	5,883
Scenery rental and outside jobs revenue	172,321	-	172,321
Guild Home	73,193	-	73,193
Other income	<u>73,606</u>	<u>-</u>	<u>73,606</u>
Total Revenues and Earned Income	<u>951,122</u>	<u>-</u>	<u>951,122</u>
Support:			
Contributions	1,684,198	128,109	1,812,307
Grants	30,500	-	30,500
Special event revenue, net of direct costs of \$94,362	64,753	-	64,753
Net assets released from restrictions	<u>156,329</u>	<u>(156,329)</u>	<u>-</u>
Total Support	<u>1,935,780</u>	<u>(28,220)</u>	<u>1,907,560</u>
Total Revenues, Earned Income and Support	<u>2,886,902</u>	<u>(28,220)</u>	<u>2,858,682</u>
Expenses:			
Program services:			
Productions	2,749,202	-	2,749,202
LED tax credits applied (net of related expenses)	(600,975)	-	(600,975)
Education	88,071	-	88,071
Scenic and studio	117,345	-	117,345
Scenery rental and outside jobs costs	124,768	-	124,768
Guild Home	83,611	-	83,611
Marketing and advertising	391,016	-	391,016
Development	<u>111,165</u>	<u>-</u>	<u>111,165</u>
Supporting services:			
General and administrative	393,026	-	393,026
Fundraising	<u>6,249</u>	<u>-</u>	<u>6,249</u>
Total Expenses	<u>3,463,478</u>	<u>-</u>	<u>3,463,478</u>
Increase (decrease) in net assets	<u>(576,576)</u>	<u>(28,220)</u>	<u>(604,796)</u>
Net Assets at beginning of year	<u>1,836,739</u>	<u>209,788</u>	<u>2,046,527</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,260,163</u>	<u>\$ 181,568</u>	<u>\$ 1,441,731</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Revenues and Earned Income:			
Ticket sales	\$ 779,941	\$ -	\$ 779,941
Education	3,568	-	3,568
Scenery rental and outside jobs revenue	195,673	-	195,673
Guild Home	86,875	-	86,875
BP claim settlement	437,028	-	437,028
Other income	39,579	-	39,579
Total Revenues and Earned Income	<u>1,542,664</u>	<u>-</u>	<u>1,542,664</u>
Support:			
Contributions	975,630	191,286	1,166,916
Grants	47,000	-	47,000
Special event revenue, net of direct costs of \$131,381	77,854	-	77,854
Net assets released from restriction	190,168	(190,168)	-
Total Support	<u>1,290,652</u>	<u>1,118</u>	<u>1,291,770</u>
Total Revenues, Earned Income and Support	<u>2,833,316</u>	<u>1,118</u>	<u>2,834,434</u>
Expenses:			
Program services:			
Productions	2,061,551	-	2,061,551
LED tax credits applied (net of related expenses)	(543,703)	-	(543,703)
Education	55,781	-	55,781
Scenic and studio	186,951	-	186,951
Scenery rental and outside jobs costs	101,861	-	101,861
Guild Home	82,669	-	82,669
Marketing and advertising	343,304	-	343,304
Development	126,653	-	126,653
Supporting services:			
General and administrative	345,066	-	345,066
Fundraising	6,813	-	6,813
Total Expenses	<u>2,766,946</u>	<u>-</u>	<u>2,766,946</u>
Increase in net assets	<u>66,370</u>	<u>1,118</u>	<u>67,488</u>
Net assets at beginning of year	<u>1,770,369</u>	<u>208,670</u>	<u>1,979,039</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,836,739</u>	<u>\$ 209,788</u>	<u>\$ 2,046,527</u>

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

NEW ORLEANS OPERA ASSOCIATION
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (604,796)	\$ 67,488
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,617	31,770
Loss on disposal of equipment	8,303	-
Changes in operating assets and liabilities:		
Accounts receivable	29,558	225,681
Inventory	2,455	(2,456)
Prepaid expenses	26,389	9,171
Accounts payables and accrued expenses	(8,376)	(34,978)
Deposits	(3,050)	5,450
Deferred income	22,615	(145,012)
Net cash provided (used) by operating activities	(492,285)	157,114
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(24,800)	(22,340)
Proceeds from line of credit	100,000	-
Net cash (used) provided by investing activities	75,200	(22,340)
Net increase (decrease) in cash and cash equivalents	(417,085)	134,774
Cash and cash equivalents, beginning of year	783,775	649,001
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 366,690	\$ 783,775

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

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NATURE OF ACTIVITIES:

The mission of the New Orleans Opera Association (the Association) is to enrich the lives of all people by producing opera of the highest artistic quality and providing education opportunities through traditional and innovative approaches. The activities of the organization are to plan, produce, and present opera of the highest musical and artistic caliber; to educate the public on the value and joy of opera; to encourage and facilitate the participation in the art form by young people; to maintain the H. Lloyd Hawkins Scenic Studio as a resource for local, national, and international opera companies and performing arts groups; to maintain the Opera Guild Home to educate about the role opera played and continues to play in the community's cultural heritage; and to have a positive impact on civic life.

The Association presents fully staged opera performances in the Mahalia Jackson Theater for the Performing Arts throughout the year and presents smaller scale operas in alternative venues. The Association's performances are conceived and produced locally, with artists engaged individually by the General Director, production design executed by the Association's H. Lloyd Hawkins Scenic Studio, the chorus of local singers led by the Association's Chorus Director, and music provided by the Louisiana Philharmonic Orchestra.

As part of its mission to introduce opera to younger audiences, students throughout the metropolitan area are invited to dress rehearsal performances and the Association's education staff, along with board members and volunteers, visit schools and welcome students to introduce them to the opera through various educational offerings such as small-scale performances and lectures. In 2015, the Association inaugurated the Donald Wood Youth Vocal Competition, an annual competition for trained high school singers providing the winners both performance opportunities and cash prizes.

Other educational and outreach activities are conducted throughout the year, including a lecture series, social events, and "Opera On Tap" performances – casual events in small scale venues generally aimed at non-traditional audiences. The Association continuously assesses how it can best engage the community and positively impact civic life through the art form of opera.

Support Committees:

In order to facilitate the Association's objectives, support committees were formed which operate under the Association's Charter to promote and provide additional resources for the Association. These committees are legally a part of the Association, operate under the Association's Charter, and are subject to control by the Association's management. Accordingly, the accompanying financial statements include the accounts of the Women's Guild, the Sylvian Society, the Opera Club, and the Opera Ball. The Junior Committee of the Woman's Guild was disbanded at fiscal year ending June 30, 2017 and replaced with the Sylvian Society on July 1, 2017.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The Association prepares its financial statements in accordance with generally accepted accounting principles and in accordance with the provisions of FASB ASC 958-205-05, *Financial Statements of Not-for-Profit Organizations*, which involves the application of the accrual basis of accounting. Under FASB ASC 958-205-05, 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. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Accounts Receivable:

Uncollectible receivables are charged off and recorded as administrative expense when the Association deems them to be uncollectible. All receivables at June 30, 2018 and 2017 were considered collectible by management; accordingly, an allowance for doubtful accounts is not presented.

Income Taxes:

The Association is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

FASB Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Association has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740.

The Association’s tax return Form 990 for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Allocated Expenses:

The statement of activities charges expenses directly to supporting program services or general and administrative categories based on specific identification. Expenses which cannot be functionally categorized are allocated between functions based upon management’s estimate of usage applicable to conducting those functions.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

Ticket sales are recorded as operating revenues on a specific performance basis. Advance ticket sales, representing the receipt of ticket sale payments for future opera performances, are initially deferred in the statement of financial position and are subsequently recognized as revenue when the related productions take place. Contributions as well as unconditional promises to give, are recognized in the period received. Contributions are classified as unrestricted or restricted support based on donor-imposed restrictions. When a donor restriction expires, when a stipulated time restriction ends or a purpose restriction is met, the Association reclassifies the temporarily restricted net assets to unrestricted net assets and reports these assets as released from restrictions.

Donated Services:

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the Association's program and supporting services.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Donations of property and equipment are recorded at fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose or for a future date. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. The Association capitalizes property and equipment with a cost greater than \$1,000. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 10 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	3 - 20 years
Buildings and improvements	7 - 39 years

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Non-Depreciable Assets:

Donations of non-depreciable assets are recorded as support at their estimated fair value at the time of donation. The Women's Guild of the New Orleans Opera Association has received non-cash contributions in the forms of antique furniture, antique rugs, and other works of art. These items have been capitalized since do not meet the criteria to be classified as part of a collection per FASB. The fair value of the assets was determined by a certified antique appraiser. These items are reported as part of unrestricted net assets in the statement of financial position.

Temporarily and Permanently Restricted Net Assets:

Temporarily restricted net assets are those whose use, by the Association, have been limited by donors to a specific time period or purpose. Permanently restricted net assets are restricted by donors to be maintained by the Association, or on behalf of the Association, in perpetuity.

Unrestricted Net Assets

These are net assets not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Cash Equivalents:

The Association considers all unrestricted and temporarily restricted liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2018 and 2017, the cash equivalent consisted of a money market account.

Advertising:

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$391,016 and \$343,304 for the years ended June 30, 2018 and 2017, respectively.

Deferred Income:

Deferred income consists primarily of the ticket sales for the upcoming opera season. Those ticket sales are recorded as deferred income and recognized as revenue when earned.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The New Orleans Opera Association recognizes revenue from the rental of a certain house located in New Orleans. The New Orleans Opera Association uses this facility for various other functions. This house, along with the land and contents, was donated in 1966 and recognized in the financial statements with an estimated original basis of \$150,000 less accumulated depreciation of \$120,000 resulting in a net book value of \$30,000. The original basis of this real estate and contents should be equal to their fair value at time of donation. No appraisals or other information is available to confirm this estimated value.

3. PROPERTY AND EQUIPMENT:

A summary of property and equipment at June 30, 2018 was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	42,183	-	42,183
Building	641,950	641,570	380
Furniture and fixtures	499,821	361,420	138,401
Production equipment	94,035	74,532	19,503
Scenery	811,639	808,064	3,575
Studio equipment	49,296	49,296	-
Trucks	48,850	47,493	1,357
Leasehold improvements	5,505	2,970	2,535
Total	<u>\$ 2,359,969</u>	<u>\$ 1,985,345</u>	<u>\$ 374,624</u>

A summary of property and equipment at June 30, 2017 was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	42,183	-	42,183
Building	641,950	641,113	837
Furniture and fixtures	483,324	343,493	139,831
Production equipment	94,035	69,764	24,271
Scenery	811,639	800,836	10,803
Studio equipment	49,296	49,296	-
Trucks	48,850	43,398	5,452
Leasehold improvements	5,505	2,829	2,676
Total	<u>\$ 2,343,472</u>	<u>\$ 1,950,729</u>	<u>\$ 392,743</u>

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

3. PROPERTY AND EQUIPMENT: (Continued)

Depreciation expense for the years ended June 30, 2018 and 2017 was \$34,617 and \$31,770, respectively.

4. CASH AND CASH EQUIVALENTS:

At June 30, 2018 and 2017, the Association's cash and cash equivalents consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 310,154	\$ 490,647
Money market fund	<u>56,537</u>	<u>293,128</u>
Total cash and cash equivalents	<u>\$ 366,691</u>	<u>\$ 783,775</u>

5. OPERATING LEASE:

On June 1, 2016, the Association entered into a non-cancellable operating lease for office space at the building located at 935 Gravier Street effective from July 1, 2016 through December 31, 2018, with a monthly rent of \$4,583. The agreement was subsequently extended through December 31, 2020, with a monthly rent of \$4,166. Rental expense is included in general and administrative expenses and amounted to \$48,089 and \$55,201 for the years ended June 30, 2018 and 2017, respectively.

On March 16, 2017, the Association entered into an operating agreement for the use of box office ticketing software. The software is used for fundraising, data management and box office ticket sales for single tickets, subscriptions and memberships. The agreement is effective for 60 months from April 1, 2017 to March 31, 2022 with quarterly payments of \$8,000 in the first year.

The payments escalate annually. Box office rental expense is included in general and administrative expenses and amounted to \$51,918 and \$7,683 for the years ended June 30, 2018 and 2017, respectively.

Minimum lease commitments under leasing agreements for the year ended June 30, 2018 were as follows:

Year ending	
<u>June 30</u>	
2019	\$ 59,016
2020	35,721
2021	37,530
2022	<u>29,240</u>
Total	<u>\$ 161,507</u>

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

6. CONTINGENCIES:

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill these conditions could result in the return of the funds to grantors. Although this is a possibility, the Board deems the contingency remote, since, by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gifts. As discussed in Note 1 above, in order to support the services provided, the Association seeks contributions from the community as well as from ticket sales of opera performances. Contributions are from both the public and private sectors. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

7. LOUISIANA ECONOMIC DEVELOPMENT TAX CREDITS (LED):

The Association receives precertification from the LED based on the budget for each production. Estimated refundable tax credits are calculated and accrued based on the criteria established by the LED in the precertification letter and applied to the actual costs for the productions. The credits are recorded net of the direct expenses incurred by the Association to obtain the final certification. Adjustments to the estimated credits will be made in the following year when the final certification is issued and recorded as an addition or deduction to the current year credits.

A reconciliation of LED credits applied to productions on the supplementary schedule of Combining Statement of Activities, to LED Credits applied to related expenses on the Statement of Activities is as follows:

	Reported for year ended <u>June 30, 2018</u>	Reported for year ended <u>June 30, 2017</u>
Current year accrual on supplementary schedule	\$ 600,975	\$ 496,540
Plus or (minus) prior year difference	-	70,551
Less current year filing and audit expense	-	<u>(23,388)</u>
LED credits net of related expenses	<u>\$ 600,975</u>	<u>\$ 543,703</u>

8. CONCENTRATIONS OF CREDIT RISK:

Cash deposits:

The Association maintains its cash in secured deposit accounts at various banks located in New Orleans, Louisiana. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were \$94,991 and \$313,211 in uninsured cash balances at June 30, 2018 and 2017, respectively.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

8. CONCENTRATIONS OF CREDIT RISK: (Continued)

Louisiana Department of Economic Development Tax Credits:

Approximately 92% and 99% of the Association's accounts receivable at June 30, 2018 and 2017, respectively, are refundable tax credits due from the Louisiana Department of Revenue (LED).

Geographic concentration of customers:

The Association depends on the general public, businesses, and other public and private organizations principally within the New Orleans area to purchase tickets to the productions and for other contributions to enable the Association to continue its activities.

9. LINE OF CREDIT:

The Association has a line of credit with a borrowing limit of \$500,000. Payments are due monthly in the amount of \$283 or the accrued interest, whichever is greater. For the years ended June 30, 2018 and 2017, the interest rate was 5.1% and 0%, respectively. The line of credit is collateralized by a security interest in all business assets of the Association. As of June 30, 2018 and 2017, the outstanding balance was \$100,000 and \$-0-, respectively.

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Contributions with purpose restrictions	\$ 181,568	\$ 209,788

Net assets totaling \$156,329 were released from donor restrictions due to the satisfaction of purpose restrictions during the year ended June 30, 2018.

11. COMMITMENTS:

The Association entered into an employment contract on July 1, 2015, with the General and Artistic Director that ended on June 30, 2018. The contract was renewed for another three-year term ending June 30, 2020. Under the terms of this contract, the Association is to pay the General and Artistic Director an annual salary of \$103,000 plus conducting fees of \$5,000 per production with a guarantee of at least two productions each opera season.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

11. COMMITMENTS: (Continued)

The Association also entered into an employment contract on July 1, 2015, with the Executive Director that ended on June 30, 2018. The contract was renewed for another two-year term ending June 30, 2020. Under the terms of this contract the Association is to pay the Executive Director an annual salary of \$82,400.

12. SIMPLE IRA PLAN:

The Company maintains a SIMPLE IRA Plan which covers all eligible employees. Participation in the plan is voluntary. Participants may contribute the maximum pre-tax amount allowed under federal tax law. The Association matches up to a maximum of 3% of the participating employee's contributions. Employer contributions to the plan were \$17,007 and \$18,139 for the years ended June 30, 2018 and 2017, respectively.

13. RECLASSIFICATIONS:

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

14. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 27, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Bank and credit card charges	\$ 44,289	\$ 24,670
Computer expense	14,642	7,641
Depreciation	1,567	2,025
Dues and subscriptions	7,413	10,013
Insurance	27,910	26,600
Loss on disposal	8,303	-
Miscellaneous	22,947	10,182
Office expense	65,576	55,056
Parking	934	2,287
Postage	9,425	3,254
Printing and stationery	9,407	4,558
Professional fees	50,755	36,486
Rent	48,589	55,201
Salaries	62,038	84,135
Taxes – payroll	7,056	7,568
Telephone	12,175	10,837
Travel	-	4,553
	<hr/>	<hr/>
Total	<u>\$ 393,026</u>	<u>\$ 345,066</u>

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF TICKET SALES AND COST OF OPERAS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Total</u>	<u>Maria De Buenos</u>	<u>Cavalleria Rusticana</u>	<u>Orpheus</u>	<u>Tabasco</u>	<u>Champion</u>	<u>75th Anniversary</u>
TICKET SALES, SURCHARGES, AND SUBSCRIPTIONS:							
Season subscriptions	\$ 366,228	\$ 91,557	\$ 91,557	\$ 91,557	\$ 91,557	\$ -	\$ -
Box office sales	259,891	35,019	38,607	75,584	34,860	13,108	62,713
TOTAL	626,119	126,576	130,164	167,141	126,417	13,108	62,713
COST OF OPERAS:							
Artists	256,942	54,150	51,900	62,800	7,500	13,000	67,592
Artists' housing and travel	83,217	20,579	22,426	19,418	8,030	9,406	3,358
Auditions	-	-	-	-	-	-	-
Ballet	16,400	2,400	-	4,000	-	6,000	4,000
Box office fees	20,133	2,912	5,387	7,014	4,820	-	-
Choreographer	9,550	-	1,150	6,900	-	-	1,500
Choreographer housing and travel	9,736	-	-	7,146	-	-	2,590
Chorus	148,833	45,044	25,084	18,552	30,155	5,801	24,197
Conductor	34,500	5,000	5,000	14,000	-	-	10,500
Conductor housing and travel	4,329	-	-	3,329	-	-	1,000
Costumes	86,651	24,618	14,140	26,626	-	3,826	17,441
Costumer	31,683	4,000	4,000	17,683	-	1,000	5,000
Director - housing and travel	17,458	3,700	3,599	4,890	-	1,812	3,457
Drayage	22,113	4,069	-	17,363	-	246	435
Insurance	35,271	5,347	4,761	7,309	1,176	5,316	13,542
Lighting - design and equipment	57,618	4,616	4,368	43,454	-	1,103	4,077
Lighting - housing and travel	9,120	1,894	1,959	5,267	-	-	-
Lighting - designer	45,067	8,200	8,200	23,167	1,000	1,000	3,500
Miscellaneous expenses	7,769	2,977	1,773	512	1,819	246	442
Music	18,444	1,356	1,774	8,716	3,899	1,699	1,000
Orchestra	323,533	59,597	68,823	79,455	44,757	15,400	55,501
Parking	17,780	1,290	1,110	2,640	2,647	1,666	8,427
Payroll taxes	45,151	10,851	9,641	8,742	1,433	2,500	11,984
Production costs	241	138	59	6	-	15	23
Production royalty	13,426	-	-	12,126	-	1,300	-
Props	32,855	4,410	9,134	16,227	100	834	2,150
Propmaster	11,676	2,578	1,339	2,548	-	2,338	2,873
Rehearsal - accompanist	18,490	4,090	5,600	3,500	-	1,800	3,500
Rental - special equipment	11,537	-	75	8,212	-	3,250	-
Rent - theater	103,441	21,950	19,500	26,500	17,836	2,755	14,900
Rent - rehearsal space	11,319	2,674	3,775	1,740	280	910	1,940
Salaried production staff	555,180	118,338	111,705	181,216	39,282	24,542	80,097
Scenic designer	35,001	6,343	6,422	18,236	-	-	4,000
Scenery and scenery construction	145,256	29,995	25,123	67,002	722	3,254	19,160
Security	24,906	6,235	6,813	5,971	3,687	900	1,300
Stage directors	71,167	10,000	9,000	38,167	-	5,000	9,000
Stage managers and assistants	36,804	8,109	8,205	7,905	1,300	2,630	8,655
Stagehands	203,779	48,512	40,935	62,338	9,567	4,714	37,713
Supers	-	-	-	-	-	-	-
Supertitle coordinator	4,375	700	700	700	525	525	1,225
Supertitles	3,450	1,000	400	400	400	1,000	250
Union benefits	59,872	15,836	11,053	16,657	2,195	1,810	12,321
Wardrobe - salaries	80,469	15,828	20,395	23,429	-	1,246	19,571
Wig and make up	24,660	6,572	7,249	7,209	-	925	2,705
COST OF OPERAS	2,749,202	565,908	522,577	889,072	183,130	127,589	460,926
COST OF OPERAS IN EXCESS OF TICKET SALES	(2,123,083)	(439,332)	(392,413)	(721,931)	(56,713)	(114,481)	(398,213)
GENERAL AND ADMINISTRATIVE EXPENSES	(393,026)	(65,504)	(65,504)	(65,504)	(65,504)	(65,505)	(65,505)
COST OF OPERAS AND ADMINISTRATIVE IN EXCESS OF TICKET SALES	(2,516,109)	(504,836)	(457,917)	(787,435)	(122,217)	(179,986)	(463,718)
ESTIMATED LED TAX CREDITS	600,975	120,729	107,350	169,042	52,772	47,259	103,823
TOTAL COST OF OPERAS TO ASSOCIATION	\$ (1,915,134)	\$ (384,107)	\$ (350,567)	\$ (618,393)	\$ (69,445)	\$ (132,727)	\$ (359,895)

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF TICKET SALES AND COST OF OPERAS
FOR THE YEAR ENDED JUNE 30, 2017

	Total	Don Giovanni	Macbeth	Sweeney Todd	Faust	As One
TICKET SALES, SURCHARGES, AND SUBSCRIPTIONS:						
Season subscriptions	\$ 498,948	\$ 124,737	\$ 124,737	\$ 124,737	\$ 124,737	\$ -
Box office sales	280,993	53,979	45,250	103,618	69,151	8,995
TOTAL	<u>779,941</u>	<u>178,716</u>	<u>169,987</u>	<u>228,355</u>	<u>193,888</u>	<u>8,995</u>
COST OF OPERAS:						
Artists	242,640	60,000	49,000	70,600	51,040	12,000
Artists' housing and travel	47,173	17,042	11,321	10,220	5,800	2,790
Auditions	84	84	-	-	-	-
Choreographer	1,700	600	300	-	800	-
Chorus	133,186	16,284	44,312	37,133	35,307	150
Conductor	20,000	5,000	5,000	5,000	5,000	-
Costumes	49,963	14,758	14,185	7,534	13,234	252
Costumer	19,892	4,000	7,200	4,000	4,000	692
Director - housing and travel	14,759	3,700	3,700	3,885	3,474	-
Drayage	354	354	-	-	-	-
Insurance	13,448	3,362	3,362	3,362	3,362	-
Lighting - design and equipment	26,328	2,410	15,901	4,958	2,934	125
Lighting - housing and travel	5,776	1,578	1,517	905	1,776	-
Lighting - designer	36,330	8,000	12,067	8,000	8,263	-
Miscellaneous expenses	21,227	1,071	3,544	3,129	11,014	2,469
Music	7,928	1,234	1,642	3,213	931	908
Orchestra	297,225	76,336	72,227	73,632	75,030	-
Parking	8,070	1,800	2,040	2,220	2,010	-
Payroll taxes	39,482	8,044	8,626	12,466	10,293	53
Production costs	956	429	115	174	219	19
Production royalty	41,025	-	-	40,000	-	1,025
Props	8,292	2,505	603	3,766	1,344	74
Propmaster	14,872	2,886	2,561	5,616	3,809	-
Rehearsal - accompanist	20,607	4,090	5,527	4,090	5,900	1,000
Rent - theater	112,950	30,810	27,380	27,380	27,380	-
Rent - rehearsal space	3,840	-	2,040	-	1,800	-
Salaried production staff	317,144	78,975	79,975	78,975	78,975	244
Scenic designer	21,369	5,655	3,000	6,334	6,380	-
Scenery and scenery construction	105,593	23,911	13,156	46,197	21,722	607
Security	23,448	4,752	5,252	5,241	7,083	1,120
Stage directors	43,200	9,000	13,000	9,000	11,000	1,200
Stage managers and assistants	42,120	8,380	8,380	8,380	8,380	8,600
Stagehands	168,920	38,858	38,440	46,409	45,213	-
Supers	850	-	600	250	-	-
Supertitle coordinator	3,500	700	700	700	700	700
Supertitles	1,780	660	400	360	360	-
Union benefits	53,189	12,499	10,780	16,387	13,523	-
Wardrobe - salaries	65,784	14,687	15,850	22,374	12,873	-
Wig and make up	26,547	7,108	5,767	6,885	6,787	-
COST OF OPERAS	<u>2,061,551</u>	<u>471,562</u>	<u>489,470</u>	<u>578,775</u>	<u>487,716</u>	<u>34,028</u>
COST OF OPERAS IN EXCESS OF TICKET SALES	(1,281,610)	(292,846)	(319,483)	(350,420)	(293,828)	(25,033)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>(345,066)</u>	<u>(69,013)</u>	<u>(69,012)</u>	<u>(69,013)</u>	<u>(69,013)</u>	<u>(69,013)</u>
COST OF OPERAS AND ADMINISTRATIVE IN EXCESS OF TICKET SALES	(1,626,676)	(361,859)	(388,495)	(419,433)	(362,841)	(94,046)
ESTIMATED LED TAX CREDITS	<u>496,540</u>	<u>116,658</u>	<u>121,291</u>	<u>137,987</u>	<u>120,604</u>	<u>-</u>
TOTAL COST OF OPERAS TO ASSOCIATION	<u>\$ (1,130,136)</u>	<u>\$ (245,201)</u>	<u>\$ (267,204)</u>	<u>\$ (281,446)</u>	<u>\$ (242,237)</u>	<u>\$ (94,046)</u>

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	<u>Association</u>	Opera <u>Ball</u>	Women's <u>Guild</u>	Junior <u>Committee</u>	Opera <u>Club</u>	Adjustments / <u>Eliminations</u>	Combined <u>Total</u>
<u>ASSETS:</u>							
Cash and cash equivalents	\$ 113,492	\$ 20,180	\$ 221,679	\$ 3,555	\$ 7,785	\$ -	\$ 366,691
Accounts receivable	1,157,585	-	10,930	-	-	(7,030)	1,161,485
Prepaid expenses	45,362	-	-	-	-	-	45,362
Property and equipment, net of accumulated depreciation	165,349	-	209,275	-	-	-	374,624
TOTAL ASSETS	<u>\$ 1,481,788</u>	<u>\$ 20,180</u>	<u>\$ 441,884</u>	<u>\$ 3,555</u>	<u>\$ 7,785</u>	<u>\$ (7,030)</u>	<u>\$ 1,948,162</u>
 <u>LIABILITIES AND NET ASSETS</u>							
<u>CURRENT LIABILITIES:</u>							
Accounts payable and accrued expenses	55,362	\$ -	\$ 903	\$ -	\$ 7,030	\$ (7,030)	\$ 56,265
Line of credit	100,000	-	-	-	-	-	100,000
Deposits	-	-	3,300	-	-	-	3,300
Deferred income	324,511	-	22,355	-	-	-	346,866
TOTAL CURRENT LIABILITIES	<u>479,873</u>	<u>-</u>	<u>26,558</u>	<u>-</u>	<u>7,030</u>	<u>(7,030)</u>	<u>506,431</u>
 <u>NET ASSETS:</u>							
Unrestricted	820,347	20,180	415,326	3,555	755	-	1,260,163
Temporarily restricted	181,568	-	-	-	-	-	181,568
TOTAL NET ASSETS	<u>1,001,915</u>	<u>20,180</u>	<u>415,326</u>	<u>3,555</u>	<u>755</u>	<u>-</u>	<u>1,441,731</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,481,788</u>	<u>\$ 20,180</u>	<u>\$ 441,884</u>	<u>\$ 3,555</u>	<u>\$ 7,785</u>	<u>\$ (7,030)</u>	<u>\$ 1,948,162</u>

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	<u>Association</u>	Opera <u>Ball</u>	Women's <u>Guild</u>	Junior <u>Committee</u>	Opera <u>Club</u>	Adjustments / <u>Eliminations</u>	Combined <u>Total</u>
<u>ASSETS:</u>							
Cash and cash equivalents	\$ 529,381	\$ 26,808	\$ 207,522	\$ 12,995	\$ 7,069	\$ -	\$ 783,775
Accounts receivable	1,409,141	-	10,325	-	-	(228,421)	1,191,045
Inventory	-	-	2,455	-	-	-	2,455
Prepaid expenses	65,157	5,666	928	-	-	-	71,751
Property and equipment, net of accumulated depreciation	183,607	-	209,136	-	-	-	392,743
TOTAL ASSETS	<u>\$ 2,187,286</u>	<u>\$ 32,474</u>	<u>\$ 430,366</u>	<u>\$ 12,995</u>	<u>\$ 7,069</u>	<u>\$ (228,421)</u>	<u>\$ 2,441,769</u>
 <u>LIABILITIES AND NET ASSETS</u>							
 CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ 62,560	\$ -	\$ 211,907	\$ 12,995	\$ 5,600	\$ (228,421)	\$ 64,641
Deposits	-	-	6,350	-	-	-	6,350
Deferred income	312,901	-	11,350	-	-	-	324,251
TOTAL CURRENT LIABILITIES	<u>375,461</u>	<u>-</u>	<u>229,607</u>	<u>12,995</u>	<u>5,600</u>	<u>(228,421)</u>	<u>395,242</u>
 NET ASSETS:							
Unrestricted	1,602,037	32,474	200,759	-	1,469	-	1,836,739
Temporarily restricted	209,788	-	-	-	-	-	209,788
TOTAL NET ASSETS	<u>1,811,825</u>	<u>32,474</u>	<u>200,759</u>	<u>-</u>	<u>1,469</u>	<u>-</u>	<u>2,046,527</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,187,286</u>	<u>\$ 32,474</u>	<u>\$ 430,366</u>	<u>\$ 12,995</u>	<u>\$ 7,069</u>	<u>\$ (228,421)</u>	<u>\$ 2,441,769</u>

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Sylvian Society</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
REVENUES AND SUPPORT:							
Revenues and Earned Income:							
Ticket sales	\$ 626,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,119
Education	5,883	-	-	-	-	-	5,883
Scenery rental and outside jobs	172,321	-	-	-	-	-	172,321
Guild Home	-	-	73,193	-	-	-	73,193
Other income	24,220	-	149,386	-	-	(100,000)	73,606
TOTAL REVENUES AND EARNED INCOME	828,543	-	222,579	-	-	(100,000)	951,122
Support:							
Contributions	1,769,425	-	59,470	-	-	(16,588)	1,812,307
Grants	30,500	-	-	-	-	-	30,500
Special event fundraising revenue, net of direct costs of benefits provided	6,566	9,182	44,613	3,835	557	-	64,753
TOTAL SUPPORT	1,806,491	9,182	104,083	3,835	557	(16,588)	1,907,560
TOTAL REVENUES AND SUPPORT	2,635,034	9,182	326,662	3,835	557	(116,588)	2,858,682
EXPENSES:							
Program services:							
Productions	2,749,202	-	-	-	-	-	2,749,202
Less LED tax credits applied (net of related expenses)	(600,975)	-	-	-	-	-	(600,975)
Education	88,071	-	-	-	-	-	88,071
Scenic and studio	117,345	-	-	-	-	-	117,345
Scenery rental and outside jobs costs	124,768	-	-	-	-	-	124,768
Guild Home	-	-	83,611	-	-	-	83,611
Marketing and advertising	391,016	-	-	-	-	-	391,016
Development	111,165	-	-	-	-	-	111,165
Management and general:							
General and administrative	464,352	-	27,123	280	1,271	(100,000)	393,026
Fundraising	-	4,888	1,361	-	-	-	6,249
Contributions to New Orleans Opera Association	-	16,588	-	-	-	(16,588)	-
TOTAL EXPENSES	3,444,944	21,476	112,095	280	1,271	(116,588)	3,463,478
Increase (decrease) in net assets	(809,910)	(12,294)	214,567	3,555	(714)	-	(604,796)
Net assets at beginning of year	1,811,825	32,474	200,759	-	1,469	-	2,046,527
NET ASSETS AT END OF YEAR	\$ 1,001,915	\$ 20,180	\$ 415,326	\$ 3,555	\$ 755	\$ -	\$ 1,441,731

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Junior Committee</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
REVENUES AND SUPPORT:							
Revenues and Earned Income:							
Ticket sales	\$ 779,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779,941
Education	3,568	-	-	-	-	-	3,568
Scenery rental and outside jobs	195,673	-	-	-	-	-	195,673
Guild Home	-	-	86,875	-	-	-	86,875
BP claim settlement	437,028	-	-	-	-	-	437,028
Other income	17,683	-	19,613	65	2,218	-	39,579
TOTAL REVENUES AND EARNED INCOME	<u>1,433,893</u>	<u>-</u>	<u>106,488</u>	<u>65</u>	<u>2,218</u>	<u>-</u>	<u>1,542,664</u>
Support:							
Contributions	1,252,471	-	31,133	1,907	-	(118,595)	1,166,916
Grants	47,000	-	-	-	-	-	47,000
Special event fundraising revenue, net of direct costs of benefits provided	(9,323)	24,820	51,540	5,940	4,877	-	77,854
TOTAL SUPPORT	<u>1,290,148</u>	<u>24,820</u>	<u>82,673</u>	<u>7,847</u>	<u>4,877</u>	<u>(118,595)</u>	<u>1,291,770</u>
TOTAL REVENUES AND SUPPORT	<u>2,724,041</u>	<u>24,820</u>	<u>189,161</u>	<u>7,912</u>	<u>7,095</u>	<u>(118,595)</u>	<u>2,834,434</u>
EXPENSES:							
Program services:							
Productions	2,061,551	-	-	-	-	-	2,061,551
Less LED tax credits applied (net of related expenses)	(543,703)	-	-	-	-	-	(543,703)
Education	55,781	-	-	-	-	-	55,781
Scenic and studio	186,951	-	-	-	-	-	186,951
Scenery rental and outside jobs costs	101,861	-	-	-	-	-	101,861
Guild Home	-	-	82,669	-	-	-	82,669
Marketing and advertising	343,304	-	-	-	-	-	343,304
Development	126,653	-	-	-	-	-	126,653
Management and general:							
General and administrative	330,171	-	12,642	801	1,452	-	345,066
Fundraising	-	5,219	1,594	-	-	-	6,813
Contributions to New Orleans Opera Association	-	-	100,000	12,995	5,600	(118,595)	-
TOTAL EXPENSES	<u>2,662,569</u>	<u>5,219</u>	<u>196,905</u>	<u>13,796</u>	<u>7,052</u>	<u>(118,595)</u>	<u>2,766,946</u>
Increase (decrease) in net assets	61,472	19,601	(7,744)	(5,884)	43	-	67,488
Net assets at beginning of year	1,750,353	12,873	208,503	5,884	1,426	-	1,979,039
NET ASSETS AT END OF YEAR	<u>\$ 1,811,825</u>	<u>\$ 32,474</u>	<u>\$ 200,759</u>	<u>\$ -</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 2,046,527</u>

NEW ORLEANS OPERA ASSOCIATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2018

Agency Head Name: Timothy Todd Simmons, Executive Director

Purpose	Amount
Salary	
Benefits - insurance	
Benefits - retirement	
Benefits - <list any other here>	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Special meals	

No salaries or benefits were provided with public funds.



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

December 27, 2018

To the Board of Directors of the
New Orleans Opera Association
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 the New Orleans Opera Association (the "Association"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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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 Association'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*.

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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

We have audited the financial statements of the New Orleans Opera Association as of and for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our audit of the financial statements as of June 30, 2018 resulted in a qualified opinion.

1. Financial statements
Type of auditor's report issued: qualified

2. Internal control over financial reporting
Material weaknesses identified Yes No
Control deficiencies identified that are not
Considered to be material weaknesses Yes No

3. Noncompliance material to financial statements Yes No

B. SUMMARY OF PRIOR YEAR FINDINGS

None