PRESERVATION HALL FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Preservation Hall Foundation, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Preservation Hall Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Preservation Hall Foundation, Inc. as of December 31, 2025 and 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Preservation Hall Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Preservation Hall Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Preservation Hall Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Preservation Hall Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Heads is presented for purposes of additional analysis 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 a report dated June 30, 2026 on our consideration of Preservation Hall Foundation, Inc.'s, internal control over financial reporting and our tests of its compliance with certain provision 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 effectiveness of 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 Preservation Hall Foundation, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana
June 30, 2026

Wegmann Dazet

PRESERVATION HALL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 721,087	$ 1,683,579
Cash restricted to campus project	5,503	499,955
Promises to give	89,000	755,000
ERC receivable	27,685	27,685
Other receivables	150,703	7,171
Prepaid expenses	48,659	20,490
Investments, at fair value	56,223	-
Due from related parties	-	42,778
Total current assets	1,098,860	3,036,658
Promises to give	119,000	15,000
Finance lease right-of-use asset, net	4,715,447	4,848,589
Property and equipment, net	3,423,310	1,342,606
Other assets	25,000	26,050
Total assets	$ 9,381,617	$ 9,268,903
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 15,853	$ 75,701
Deferred revenue	78,985	27,089
Total current liabilities	94,838	102,790
Finance lease obligation	4,695,057	4,682,011
Total liabilities	4,789,895	4,784,801
NET ASSETS		
Net assets		
Without donor restrictions		
Undesignated	1,502,865	620,305
Board designated	514,582	805,673
	2,017,447	1,425,978
With donor restrictions		
Specific purpose	2,074,275	2,058,124
Purpose and time restrictions	500,000	1,000,000
	2,574,275	3,058,124
Total net assets	4,591,722	4,484,102
Total liabilities and net assets	$ 9,381,617	$ 9,268,903

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 2,639,869	$ 10,420	$ 2,650,289
Fundraising events	646,019	-	646,019
Grants	18,000	58,935	76,935
Program	233,684	-	233,684
Miscellaneous income	55,158	-	55,158
Net assets released from restrictions	553,204	(553,204)	-
Total revenues	4,145,934	(483,849)	3,662,085
Expenses			
Program services			
Archives	358,019	-	358,019
Education	594,048	-	594,048
Community engagement	252,261	-	252,261
Legacy	497,528	-	497,528
Supporting services			
Fundraising and development	1,525,012	-	1,525,012
General and administrative	327,597	-	327,597
Total expenses	3,554,465	-	3,554,465
Change in net assets	591,469	(483,849)	107,620
Net assets			
Beginning of year	1,425,978	3,058,124	4,484,102
End of year	$ 2,017,447	$ 2,574,275	$ 4,591,722

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 1,797,634	$ 170,000	$ 1,967,634
Fundraising events	431,666	-	431,666
Grants	15,000	1,509,400	1,524,400
Program	201,150	-	201,150
Net gain on investments	120,690	-	120,690
Miscellaneous income	96,731	-	96,731
Net assets released from restrictions	923,310	(923,310)	-
Total revenues	3,586,181	756,090	4,342,271
Expenses			
Program services			
Archives	333,216	-	333,216
Education	603,862	-	603,862
Community engagement	251,842	-	251,842
Legacy	518,328	-	518,328
Supporting services			
Fundraising and development	1,447,784	-	1,447,784
General and administrative	380,293	-	380,293
Total expenses	3,535,325	-	3,535,325
Change in net assets	50,856	756,090	806,946
Net assets			
Beginning of year	1,375,122	2,302,034	3,677,156
End of year	$ 1,425,978	$ 3,058,124	$ 4,484,102

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services				Supporting Services		
	Archives	Education	Community Engagement	Legacy	General & Administrative	Fundraising & Development	Total Expenses
Salaries, wages and benefits	$ 287,243	$ 175,820	$ 127,034	$ 147,957	$ -	$ 314,615	$ 1,052,669
Archive expense	7,593	-	-	-	-	-	7,593
Program support	-	1,346	-	306,921	-	-	308,267
Bank and credit card fees	-	-	-	-	19,646	13,881	33,527
Charitable contributions	-	-	2,800	-	-	3,930	6,730
Dues and subscriptions	90	540	325	-	5,698	1,003	7,656
Events	-	-	16,780	-	-	-	16,780
Gifts	115	115	-	-	-	8,359	8,589
Grants	-	-	13,250	1,500	-	-	14,750
Professional services	24,000	300,173	78,759	36,140	199,513	550,436	1,189,021
Interest expense	-	-	-	-	-	193,046	193,046
Insurance expense	-	-	-	-	11,833	60	11,893
Information technologies	92	2,898	-	-	31,992	15,202	50,184
Postage and shipping	-	-	-	-	150	433	583
Payroll handling fees	10,934	5,958	3,739	4,418	-	10,816	35,865
Marketing and promotion	38	5,951	93	250	1,155	31,981	39,468
Rent	27,819	94,000	4,000	-	38,500	184,915	349,234
Repairs and maintenance	-	-	-	-	7,625	1,619	9,244
Supplies	-	-	532	342	2,161	16,794	19,829
Travel	95	7,247	4,949	-	161	73,823	86,275
Depreciation	-	-	-	-	2,731	-	2,731
Utilities expense	-	-	-	-	6,432	104,099	110,531
	$ 358,019	$ 594,048	$ 252,261	$ 497,528	$ 327,597	$ 1,525,012	$ 3,554,465

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services				Supporting Services		
	Archives	Education	Community Engagement	Legacy	General & Administrative	Fundraising & Development	Total Expenses
Salaries, wages and benefits	$ 277,644	$ 115,974	$ 115,892	$ 133,418	$ 50,435	$ 265,587	$ 958,950
Archive expense	10,754	-	-	-	-	-	10,754
Program support	-	10,500	-	333,564	-	-	344,064
Bank and credit card fees	-	6,349	-	-	573	14,290	21,212
Charitable contributions	-	-	-	-	-	2,396	2,396
Dues and subscriptions	240	510	-	-	868	2,433	4,051
Gifts	-	-	1,086	-	-	9,793	10,879
Grants	-	-	54,731	4,130	-	-	58,861
Professional services	1,430	343,601	74,910	35,465	228,205	517,929	1,201,540
Interest expense	-	-	-	-	-	196,646	196,646
Insurance expense	-	-	-	-	15,290	-	15,290
Information technologies	-	2,390	-	-	16,443	26,668	45,501
Postage and shipping	-	-	45	-	80	290	415
Payroll handling fees	11,179	3,921	3,915	4,630	-	9,534	33,179
Marketing and promotion	-	27,010	182	1,481	978	26,500	56,151
Rent	29,280	77,950	-	-	42,000	187,888	337,118
Repairs and maintenance	-	-	-	-	2,943	-	2,943
Supplies	-	-	354	964	10,386	3,973	15,677
Travel	2,689	15,657	727	4,676	56	58,723	82,528
Depreciation	-	-	-	-	5,643	-	5,643
Utilities expense	-	-	-	-	6,393	125,134	131,527
	$ 333,216	$ 603,862	$ 251,842	$ 518,328	$ 380,293	$ 1,447,784	$ 3,535,325

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 107,620	$ 806,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,731	5,643
Increase in finance lease obligation, net	13,046	-
Net loss (gain) on investments	229	(120,690)
Amortization of finance lease, right-of-use asset	133,142	133,142
(Increase) decrease in operating assets:		
Promises to give	562,000	(770,000)
Other receivables	(143,532)	(5,572)
Prepaid expenses	(28,169)	16,435
Due from related parties	42,778	(11,849)
Other assets	1,050	(1,050)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(59,848)	(14,311)
Deferred revenue	51,896	(16,411)
Due to related party	-	(2,276)
Net cash provided by operating activities	682,943	20,007
Cash flows from investing activities:		
Purchases of property and equipment	(2,083,435)	(865,469)
Purchase of investments	(93,164)	-
Proceeds from sale of investments	36,712	206,969
Net cash used by investing activities	(2,139,887)	(658,500)
Cash flows from financing activities:		
Repayments of lease liability	-	(148,405)
Net cash used by financing activities	-	(148,405)
Net decrease in cash, cash equivalents, and restricted cash	(1,456,944)	(786,898)
Cash, cash equivalents, and restricted cash at beginning of year	2,183,534	2,970,432
Cash, cash equivalents, and restricted cash at end of year	$ 726,590	$ 2,183,534

See accompanying Notes to Financial Statements.

1) Description of the Foundation and activities

Preservation Hall Foundation, Inc. ("Foundation") is a nonprofit organization established to honor and embody Preservation Hall, LLC's ("Hall") intrinsic ethos and practices. The Foundation supports music education, academic research, historical archiving and promotional outreach campaigns to create greater awareness and appreciation for traditional New Orleans jazz and the communities that support it. The Foundation protects, preserves and perpetuates the musical and cultural traditions of New Orleans through four program areas:

Education: The Foundation provides lessons that include content focused on the introductory and advanced techniques for the range of instruments in a traditional jazz band, stylistic tips, as well as cultural and historic context of New Orleans music.

Legacy: The Foundation provides members over the age of 60 with a stable income stream for their public roles as educators and neighborhood musicians through monthly stipends as well as daytime employment opportunities related to the Foundation's education program. The Foundation also provides monthly grants as well as other support and services including transportation, lawn care services, bereavement and emergency funds among others.

Archives: The Foundation has been a repository of a variety of recordings, photographs, film reels, contracts, memorabilia and other artifacts which are displayed in exhibits at the Foundation's facilities and housed in storage units, the back office, and hard drives of digital files.

Community engagement: The Foundation dedicates resources to providing the Preservation Hall Collective ensemble at free community events. The Foundation also provides small grants to local artists and organizations who are collaborators and whose work the Foundation seeks to support and perpetuate.

2) Summary of significant accounting policies

Significant accounting policies are summarized below.

a) Basis of presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a six-month reserve for emergency relief grants and operations.

Net assets with donor restrictions: Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2) Summary of significant accounting policies (continued)

b) Cash and cash equivalents
All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to the campus project are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	2025	2024
Cash and cash equivalents	$ 721,087	$ 1,683,579
Cash restricted to campus project	5,503	499,955
Total cash, cash equivalents, and restricted cash	$ 726,590	$ 2,183,534

c) Receivables and credit policies
Program service receivables consist primarily of amounts due from educational programs for students. The receivables are stated at the amount management expects to collect from outstanding balances. An estimated allowance for credit losses is maintained to reduce the receivables to their carrying amount, which approximates fair value. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2025 and 2024, there are no uncollectible accounts, therefore, no allowance is considered necessary.

d) Promises to give
The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Management believes that as of December 31, 2025 and 2024, there are no uncollectible accounts, therefore, no allowance is considered necessary.

e) Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

2) Summary of significant accounting policies (continued)

f) Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Until that point, any amounts received are recorded as refundable advances.

Program service fees, exchange-type grants and contract revenues are recognized when services are provided. Program fees, payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

g) Concentrations of credit risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to specific limits and amounts at each investment firm are insured by the Securities Investor Protection Corporation up to specific limits. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with program service receivables and promises to give are limited due to high historical collection rates.

The Foundation received 38% and 36% of its contributions from one donor for the years ended December 31, 2025 and 2024, respectively. The Foundation received 100% of its grants from three grantors and 98% of its grants from one grantor for the years ended December 31, 2025 and 2024, respectively.

h) Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

i) Construction in progress

Construction in progress is stated at cost, which includes the cost of construction and other direct cost attributed to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

j) Right of use leased assets and liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Foundation's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

2) Summary of significant accounting policies (continued)

k) Property and equipment
Property and equipment additions over $2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

l) Impairment of long-lived assets
The Foundation reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Foundation did not recognize any impairment losses in 2025 or 2024 related to assets held for use or sale.

The Foundation evaluates whether events and circumstances have occurred that indicate the finance lease right of use assets have been impaired. Measurement of any impairment is based on estimated fair values. Once a right of use asset is impaired, the carrying amount of the right of use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis. The Foundation did not recognize any impairment losses for right of use assets as of December 31, 2025 and 2024.

m) Income taxes
The Foundation is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3). In a letter dated August 14, 2021, the IRS issued a determination letter stating that the Foundation meets the requirements for classification as a public charity. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. With few exceptions, the Foundation is no longer subject to federal or state tax examinations beyond three years from the filing of those returns.

n) Advertising costs
Advertising costs are expensed as incurred and approximated $39,500 and $56,200 during the years ended December 31, 2025 and 2024, respectively.

2) Summary of significant accounting policies (continued)

o) Functional expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, and benefits, and professional services which are allocated on the basis of estimates of time and effort.

p) In-kind contributions and donations
Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed non-financial assets, volunteers may contribute their time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. No significant contributions of goods or services were received during the years ended December 31, 2025 and 2024.

3) Availability and liquidity
Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025
Cash and cash equivalents	$ 721,087
Promises to give	89,000
Receivables	178,388
	$ 988,475

As a part of the Foundation's liquidity plan, excess cash is invested in money market accounts. The Foundation anticipates collecting sufficient revenue from contributions, fundraising events and program services to cover general expenditures over the next twelve months.

4) Promises to give
Conditional and unconditional promises to give are estimated as follows:

	2025	2024
Within one year	$ 89,000	$ 755,000
In one to five years	119,000	15,000
	$ 208,000	$ 770,000

5) Net assets with donor restrictions

The restrictions on net assets as of December 31, 2025 and 2024 relate to the following:

	2025	2024
Subject to expenditure of specified purpose		
Education	$ 50,000	$ -
Musician support	23,170	67,439
Campus project	2,001,105	1,990,685
	2,074,275	2,058,124
Subject to the passage of time and purpose restriction		
Archives	75,000	150,000
Education	200,000	400,000
Community engagement	75,000	150,000
Legacy	150,000	300,000
	500,000	1,000,000
	$ 2,574,275	$ 3,058,124

Net assets released from net assets with donor restrictions are as follows:

	2025	2024
Satisfaction of purpose restrictions		
Education	$ 208,935	$ 233,175
Campus project	-	317,034
Archives	75,000	75,000
Musician support	194,269	222,561
Development	75,000	75,000
	$ 553,204	$ 923,310

6) Related parties

The Foundation records payments of expenses made during the year in lieu of rent with entities owned in part by board members as due from related parties on the statements of financial position. At December 31, 2025 and 2024, related party receivables from these entities totaled $-0- and $42,778, respectively. The Foundation did not receive any donated goods from related parties during the years ended December 31, 2025 and 2024.

The Foundation leases office space from an entity owned by members of the board on a month-to-month basis. The Foundation paid $38,500 and $42,000, respectively, in rent to this related entity for the years ended December 31, 2025 and 2024.

The Foundation rents various spaces from entities owned in part by members of the board for fundraising and other program activities on an as needed basis. The Foundation paid $127,600 and $101,950, respectively, in rent to these related entities for the years ended December 31, 2025 and 2024.

7) Fair value measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

At December 31, 2025 and 2024, the Foundation's investments consisted of equity funds totaling $56,223 and $-0-, respectively. All investments as of December 31, 2025 and 2024 were considered Level 1 investments. There were no transfers between levels during fiscal years 2025 or 2024.

8) Property and equipment

Property and equipment are summarized as follows:

	2025	2024
Furniture and equipment	$ 18,902	$ 18,902
Leasehold improvements	589,044	312,511
Construction in progress	2,830,076	1,023,174
Less accumulated depreciation	(14,712)	(11,981)
	$ 3,423,310	$ 1,342,606

9) Shared services agreement

The Foundation and the Hall have entered a Shared Services Agreement which expires December 31, 2026 whereby the Foundation has agreed to share specific staff services and equipment. The Hall has agreed to reimburse the Foundation for the cost of those staff services and equipment.

Payment terms related to shared staff services should not exceed the actual cost incurred by the Foundation and are calculated based on time dedicated to providing services to the Hall on a proportional pro rata basis not to exceed $10,000 per month, unless approved in writing. The agreement can be terminated in 90 days by either party with a written notice. Shared services payments for the years ended December 31, 2025 and 2024 were approximately $65,000 and $58,000, respectively.

10) Leases

The Foundation subleases office, venue, and archive space in New Orleans, Louisiana from an entity owned in part by members of the board under a finance lease agreement. The Foundation includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Foundation’s finance lease provides for increases in future minimum annual rental payments. The lease does not contain significant residual value guarantees and does not impose significant restrictions or covenants. As of December 31, 2025, the remaining weighted-average lease term for this lease was 35.5 years and the weighted-average discount rate was 4.24%. The Foundation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Short-term lease cost	$ 170,100	$ 143,950
Finance lease cost		
Interest expense	193,046	196,646
Amortization of right-of-use asset	133,142	133,142
	$ 496,288	$ 473,738

Finance lease right-of-use asset consists of the following as of December 31:

	2025	2024
Finance lease right-of-use asset	$4,992,826	$4,992,826
Less: accumulated amortization	(277,379)	(144,237)
	$4,715,447	$4,848,589

The future minimum lease payments under the noncancelable finance lease with terms greater than one year are listed below as of December 31, 2025:

Year ending December 31st	Amount
2026	$ 198,196
2027	205,999
2028	205,999
2029	205,999
2030	205,999
Thereafter	8,824,968
Total	9,847,160
Less: interest	(5,152,103)
Present value of lease obligation	$ 4,695,057

Supplemental cash flows information for the right-of-use asset obtained in exchange for finance lease obligation was $-0- for the years ended December 31, 2025 and 2024, respectively.

11) Deferred revenue

Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. The following table provides information about significant changes in deferred revenue for the years ended December 31, 2025 and 2024:

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	2025	2024
Deferred revenue, beginning of year	$ 27,089	$ 43,500
Increases in deferred revenue due to cash received	706,642	71,325
Deferred revenue recognized for performance obligations satisfied	(654,746)	(87,736)
Deferred revenue, end of year	$ 78,985	$ 27,089

12) Subsequent events

The Foundation has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued. Management feels that there were no material subsequent events that required recognition or additional disclosures in these financial statements.

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Jonathan P. Koenig
John D. White
Valerie L. Lowry
Thomas R. Laine

Richard J. Tullier, Jr
James G. Hargrove
Kathy L. Flattmann
Melissa L. Chauvin
Danica H. DeSoto

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 of
Preservation Hall Foundation, Inc.
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 Preservation Hall Foundation, Inc., which comprise the statement of financial position as of December 31, 2025, 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 June 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Preservation Hall Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Preservation Hall Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Preservation Hall Foundation, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Preservation Hall Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 organization'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
June 30, 2026

Wegmann Dazet

PRESERVATION HALL FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2025

SUMMARY OF COMPENSATION

Greg Lucas, Executive Director

- None of the agency head’s compensation was derived from state and/or local assistance.

PRESERVATION HALL FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Years Ended December 31, 2025 and 2024

2025 Findings Related to the Financial Statements

No findings noted.

2024 Findings Related to the Financial Statements

Not applicable.