

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**AUDITOR'S REPORT**  
**JUNE 30, 2018**

**GREATER NEW ORLEANS YOUTH ORCHESTRA**

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# Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Greater New Orleans Youth Orchestra

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Greater New Orleans Youth Orchestra (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans Youth Orchestra as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Greater New Orleans Youth Orchestra's 2017 financial statements, and our report dated November 2, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying summary 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 statement 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 November 12, 2018, on our consideration of Greater New Orleans Youth Orchestra's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Greater New Orleans Youth Orchestra's internal control over financial reporting and compliance.

*Quinton J. Scanlon, CPA, LLC*

New Orleans, Louisiana  
November 12, 2018

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**June 30, 2018**

**ASSETS**

**SUMMARIZED  
COMPARATIVE  
INFORMATION**  
June 30, 2017

Cash	\$ 8,203	\$ 17,692
Investment securities-endorsement fund (Notes A4, B and J)	103,022	99,265
Accounts receivable, less allowance for doubtful accounts of \$13,000 (Note A5)	978	870
Property and equipment-at cost (Notes A6 and C)	<u>45</u>	<u>137</u>
Total assets	<u>\$ 112,248</u>	<u>\$ 117,964</u>

**LIABILITIES AND NET ASSETS**

Note payable (Note D)	\$ 43,115	\$ 28,546
Accounts payable and accrued liabilities	<u>19,348</u>	<u>17,364</u>
Total liabilities	62,463	45,910
Commitment (Note E)		
Net assets		
Unrestricted	< 47,951 >	< 22,015 >
Temporarily restricted (Note F)	46,345	42,678
Permanently restricted	<u>51,391</u>	<u>51,391</u>
Total net assets	<u>49,785</u>	<u>72,054</u>
Total liabilities and net assets	<u>\$ 112,248</u>	<u>\$ 117,964</u>

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

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<b>SUMMARIZED COMPARATIVE INFORMATION</b> For the year ended <u>June 30, 2017</u>
<b>REVENUE</b>					
Contributions and grants	\$ 27,591	\$ 66,036	\$ -	\$ 93,627	\$ 89,893
Earned Income	107,655	-	-	107,655	139,202
Investment income (Note B)	-	7,695	-	7,695	8,476
Other	-	-	-	-	174
In-kind support (Note A9)	5,500	-	-	5,500	20,200
Net assets released from restrictions	<u>70,064</u>	<u>&lt; 70,064 &gt;</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>210,810</u>	<u>3,667</u>	<u>-</u>	<u>214,477</u>	<u>257,945</u>
<b>EXPENSES</b>					
Salaries	132,743	-	-	132,743	129,599
Fringe benefits	8,242	-	-	8,242	11,905
Professional services	15,100	-	-	15,100	20,190
Orchestra program costs	45,994	-	-	45,994	44,257
Occupancy	15,588	-	-	15,588	15,332
Supplies	2,154	-	-	2,154	3,305
Equipment expense	2,907	-	-	2,907	3,461
Printing	2,735	-	-	2,735	2,945
Marketing	3,968	-	-	3,968	4,732
Other costs	<u>7,315</u>	<u>-</u>	<u>-</u>	<u>7,315</u>	<u>7,760</u>
<b>TOTAL EXPENSES</b>	<u>236,746</u>	<u>-</u>	<u>-</u>	<u>236,746</u>	<u>243,486</u>
Increase <decrease> in net assets	<25,936>	3,667	-	<22,269>	14,459
Net assets, beginning of year	<u>&lt; 22,015 &gt;</u>	<u>42,678</u>	<u>51,391</u>	<u>72,054</u>	<u>\$ 57,595</u>
Net assets, end of year	<u>\$ &lt; 47,951 &gt;</u>	<u>\$ 46,345</u>	<u>\$ 51,391</u>	<u>\$ 49,785</u>	<u>\$ 72,054</u>

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

**GREATER NEW ORLEANS YOUTH ORCHESTRA  
CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended June 30, 2018**

**SUMMARIZED  
COMPARATIVE  
INFORMATION  
For the year ended  
June 30, 2017**

Cash flows from operating activities:		
Increase <decrease> in net assets	\$ <22,269>	\$ 14,459
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	92	307
Allowance for bad debts	13,000	-
Unrealized <appreciation> depreciation of investment securities	<4,273>	<6,738>
Gain on sale of securities	<3,429>	-
Changes in assets and liabilities:		
<Increase> decrease in accounts receivable	<13,108>	1,112
Increase <decrease> in accounts payable and accrued liabilities	<u>1,984</u>	<u>&lt; 10,071&gt;</u>
Net cash provided by <used in> operating activities	<u>&lt;28,003&gt;</u>	<u>&lt; 931&gt;</u>
Cash flows from investing activities:		
Proceeds from sale of securities	7,358	3,947
Purchase of investment securities	<u>&lt; 3,413&gt;</u>	<u>&lt; 938&gt;</u>
Net cash provided by <used in> investing activities	<u>3,945</u>	<u>3,009</u>
Cash flows from financing activities:		
Proceeds from note payable	14,569	27,500
Principal payments of note payable	<u>-</u>	<u>&lt; 25,279&gt;</u>
Net cash provided by <used in> financing activities	<u>14,569</u>	<u>2,221</u>
Net increase <decrease> in cash and cash equivalents	< 9,489>	4,299
Cash and cash equivalents, beginning of year	<u>17,692</u>	<u>13,393</u>
Cash and cash equivalents, end of year	<u>\$ 8,203</u>	<u>\$ 17,692</u>
Cash flow information		
Interest paid	<u>\$ 2,596</u>	<u>\$ 2,333</u>

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

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Greater New Orleans Youth Orchestra (GNOYO) is a non-profit entity formed in February 1996 to provide the youth of the metropolitan New Orleans area an opportunity to participate in a high-quality full orchestra program. Northshore Friends of GNOYO (Friends) is a non-profit entity formed in January 2004 to provide financial and other support for the Northshore (metropolitan area north of New Orleans) programs of the Youth Orchestra.

**2. Presentation of Financial Statements**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

**Unrestricted Net Assets** - Contributions and other revenue and expenses for the general operation of its programs.

**Temporarily Restricted Net Assets** - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

**Permanently Restricted Net Assets** - Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Corporation pursuant to those stipulations.

The consolidated financial statements include the accounts of GNOYO and Friends. All significant intercompany transactions have been eliminated in consolidation.

**3. Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Revenue Recognition - Continued**

Revenues from ticket sales are recognized when the performances are given. Revenues from tuition are recognized when the instruction is provided.

**4. Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

**5. Receivables**

Receivable are stated at cost less an allowance for doubtful accounts. GNOYO does not recognize interest income on these accounts. Management's evaluation of the adequacy of the allowance is based on periodic review of all accounts and includes a consideration of the account's past history, any adverse situations that might affect the account's ability to repay, and current economic conditions. Past due status is based on how recently payments have been received. Management and the GNOYO's Treasurer approve charge-offs.

The allowance for uncollectible accounts was \$ 13,000 at June 30, 2018.

**6. Property and equipment**

GNOYO records property acquisitions at cost. Donated assets are recorded at estimated value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The depreciation expense for the year ended June 30, 2018 totaled \$92.

It is the policy of GNOYO to capitalize all significant property and equipment acquisitions which benefit future periods.

**7. Estimates**

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

**8. Cash Equivalents**

For purposes of the statement of cash flows, the corporation considers all demand deposits to be cash equivalents.

GREATER NEW ORLEANS YOUTH ORCHESTRA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. **In-Kind Support**

Donated services, facility usage and materials, if significant in amount, are recorded as contributions at their estimated fair market value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. The GNOYO recorded an amount for donated facility usage, both revenues and expenses, of \$5,500 for the year ended June 30, 2018.

10. **Fair Values of Financial Instruments**

The carrying amount of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

11. **Functional Allocation of Expenses**

The expenses of providing programs and other activities have been summarized on a functional basis in Note L to the financial statements. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

12. **Subsequent Events**

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (November 12, 2018).

13. **Summarized Comparative Information**

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – INVESTMENT SECURITIES - ENDOWMENT FUNDS

Investment securities at June 30, 2018 consist of the following:

	<b><u>Fair Value</u></b>	<b><u>Cost</u></b>
Investments Securities - Greater New Orleans Foundation	<b><u>\$ 103,022</u></b>	<b><u>\$64,141</u></b>

The unrealized appreciation for the year ended June 30, 2018 totaled \$4,273. The unrealized appreciation as of June 30, 2018 totaled \$38,881.

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2018**

**NOTE B – INVESTMENT SECURITIES - ENDOWMENT FUNDS - CONTINUED**

The investment income at June 30, 2018 consists of the following:

Interest and dividends	\$ 711
Gain on sale of securities	3,429
Unrealized appreciation of investment securities	<u>4,273</u>
	8,413
Less: custodian fees	<u>&lt;718&gt;</u>
	<u>\$ 7,695</u>

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment of June 30, 2018 consists of the following:

Musical instruments	\$ 43,895
Office equipment	<u>4,703</u>
Less accumulated depreciation	48,598
	<u>&lt; 48,553 &gt;</u>
	<u>\$ 45</u>

**NOTE D – NOTE PAYABLE**

Note Payable at June 30, 2018 consists of the following:

The corporation has a \$50,000 revolving line of credit with a financial institution due November 17, 2022, with an interest rate of 8%. The note payable is secured by all accounts and intangibles of the corporation.

\$ 43,115

The interest expense for the year ended June 30, 2018 totaled \$2,596.

**GREATER NEW ORLEANS YOUTH ORCHESTRA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2018**

**NOTE E - COMMITMENT**

The corporation leases its administrative facility under an operating lease which expires December 31, 2018. The rental expense for the year ended June 30, 2018 totaled \$12,000.

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets at June 30, 2018 consist of the following:

Investment earnings - Endowment	\$ 41,631
Haitian Youth Relief Music Project	<u>4,804</u>
	<u>\$ 46,435</u>

**NOTE G - INCOME TAXES**

The Corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

The corporation has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The organization does not believe its financial statements include any uncertain tax positions.

**NOTE H - FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 820), *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments and unconditional promises to give are recorded at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 in 2018. If such transfers were to occur, they would be recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve impairment accounting or donated property and equipment. There were no nonrecurring fair value adjustments in 2018. Financial instruments within the scope of FASB ASC 820 are included in the table below.

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018

**NOTE H - FAIR VALUE MEASUREMENT - CONTINUED**

	<u>Fair Value Measurement of Reporting Date</u>		
	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investment securities - endowment fund	<u>\$ 103,022</u>	<u>\$ -</u>	<u>\$ 103,022</u> <u>\$ -</u>

The assumptions to estimate fair values are as follows:

1. The investments are valued at fair value. The valuation methodologies used for assets measured at fair value are as follows. GNOYO has no Level 1 assets. Level 2 assets consist of the Endowment Fund investment. Fair value is provided by the Foundation and is based on the market value of the underlying investments using a market approach.

**NOTE I - PENSION PLAN**

In 2004, a Simple IRA plan was adopted. Employees who have received \$5,000 compensation in both the prior and current year are eligible to participate. Under the plan, the GNOYO is required to make either a matching contribution equal to the amount of the employee's elective deferral not to exceed three percent but not less than one percent of the contributing employee's compensation or the GNOYO may make a non-elective contribution to the plan of two percent of compensation of each eligible participant. The GNOYO contributed to the plan for the year ended June 30, 2018, totaled \$ 959.

**NOTE J - ENDOWMENT FUND**

The Endowment Fund is a fund established by various supporters of the GNOYO who raised funds to receive additional grant funds through a fundraising challenge. As part of the challenge agreement, the Endowment Fund has been invested with the Greater New Orleans Foundation (Foundation), which has been authorized to accept additional contributions and invest the funds according to the Foundation's investment policy. Net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions. The Foundation, through its Board of Trustees, has the right to make distributions from the Endowment Fund to accomplish the philanthropic intent of the donors. The donors have designated the GNOYO as the beneficiary of all grants from the Endowment Fund. Distributions of \$3,939 were made during the year ended June 30, 2018.

**GREATER NEW ORLEANS YOUTH ORCHESTRA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018

**NOTE J - ENDOWMENT FUND - CONTINUED**

The GNOYO has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the GNOYO classifies the following amounts as permanently restricted net assets in the accompanying financial statements: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past twelve quarters, and a percentage of the average of those values is made available for grants. This method puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage of 2018 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

The primary financial objection for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities, and alternative investments that is intended to meet the objective. The Foundation has established a 5% real rate of return objective for the portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

The changes in endowment net assets for the year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, July 1, 2017	\$10,000	\$ 37,874	\$ 51,391	\$ 99,265
Investment return	-	4,141	-	4,141
Fees	-	< 718>	-	< 718>
Appropriated for expenditures	-	< 3,939>	-	< 3,939>
Net appreciation in endowment	-	4,273	-	4,273
Net assets, June 30, 2018	<u>\$ 10,000</u>	<u>\$ 41,631</u>	<u>\$ 51,391</u>	<u>\$ 103,022</u>

**NOTE I - CONCENTRATION OF CREDIT RISK**

GNOYO maintains cash in financial institutions which are insured by the Federal Deposit Insurance Corporation. As of June 30, 2018, the cash balances were adequately insured.

**GREATER NEW ORLEANS YOUTH ORCHESTRA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2018**

**NOTE J - BOARD OF DIRECTORS COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2018.

**NOTE K - ADVERTISING EXPENSE**

Advertising costs are expensed in the year incurred. Advertising expense for the year ended June 30, 2018 totaled \$3,968.

**NOTE L - FUNCTIONAL EXPENSES**

The functional expenses for the year ended June 30, 2018 are as follows:

Program expenses	
Youth orchestra	\$ 175,958
Supportive services	
Management and general	<u>60,788</u>
	<u>\$ 236,746</u>

**SUPPLEMENTAL INFORMATION**

**GREATER NEW ORLEANS YOUTH ORCHESTRA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**For the year ended June 30, 2018**

**Agency Head: Jean Montes, D.M.A.**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 45,000

# Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

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

Board of Directors  
Greater New Orleans Youth Orchestra

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 consolidated financial statements of Greater New Orleans Youth Orchestra (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Greater New Orleans Youth Orchestra's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater New Orleans Youth Orchestra's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater New Orleans Youth Orchestra'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 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 Greater New Orleans Youth Orchestra's consolidated 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 consolidated 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 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 organization'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.



New Orleans, Louisiana  
November 12, 2018

**GREATER NEW ORLEANS YOUTH ORCHESTRA**

**SCHEDULE OF FINDINGS AND RESPONSE**

**For the year ended June 30, 2018**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expressed an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements were noted.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no findings for the current year or the prior year.

**C. MANAGEMENT LETTER**

A management letter was not issued for the current year or the prior year.