

LE PETIT THEATRE DU VIEUX CARRE

FINANCIAL STATEMENTS

June 30, 2019 and 2018



LE PETIT THEATRE DU VIEUX CARRE
NEW ORLEANS, LOUISIANA

CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19
Government Auditing Standards Reports	
Independent Auditors' 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.	20-21
Supplementary Information	
Summary of Compensation, Benefits and Other Payments to Agency Head	22

JON S. FOLSE
LISA D. ENGLADE
KERNEY F. CRAFT, JR.



JONATHAN P. KOENIG
JOHN D. WHITE
VALERIE L. LOWRY

WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Le Petit Theatre du Vieux Carre
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Le Petit Theatre du Vieux Carre (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Le Petit Theatre du Vieux Carre as of June 30, 2019 and 2018, 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

Our audit was conducted for the purpose of forming an opinion on the 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 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 November 20, 2019 on our consideration of Le Petit Theatre du Vieux Carre's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Le Petit Theatre du Vieux Carre's internal control over financial reporting and compliance.

November 20, 2019

Wegmann Hazel & Co

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 121,823	\$ 136,670
Accounts receivable	192,293	130,199
Pledges receivable	-	36,500
Prepaid expenses	85,683	5,501
Total current assets	<u>399,799</u>	<u>308,870</u>
Beneficial interest in assets held by Greater New Orleans Foundation	283,139	280,264
Investment - board designated endowment	1,527,404	1,457,409
Property and equipment, at cost less accumulated depreciation	2,693,360	2,807,682
Deposits	<u>855</u>	<u>-</u>
Total assets	<u><u>\$ 4,904,557</u></u>	<u><u>\$ 4,854,225</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 42,704	\$ 33,722
Accrued payroll and related liabilities	8,692	-
Other current liabilities	26,182	83,075
Deferred revenue	151,558	7,875
Total current liabilities	<u>229,136</u>	<u>124,672</u>
NET ASSETS		
Net assets		
Without donor restrictions		
Board designated	1,527,404	1,457,409
Undesignated	2,779,605	2,845,520
With donor restrictions		
Purpose restrictions	85,273	146,360
Restrictions perpetual in nature	283,139	280,264
Total net assets	<u>4,675,421</u>	<u>4,729,553</u>
Total liabilities and net assets	<u><u>\$ 4,904,557</u></u>	<u><u>\$ 4,854,225</u></u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Theatre revenue	\$ 753,900	\$ -	\$ 753,900
Donations	638,947	70,000	708,947
Education	14,200	7,500	21,700
Other revenue	103,209	11,516	114,725
Net assets released from restrictions	147,228	(147,228)	-
Total revenues	<u>1,657,484</u>	<u>(58,212)</u>	<u>1,599,272</u>
Expenses			
Program services			
Productions	972,348	-	972,348
Education and outreach	34,572	-	34,572
Rental	27,344	-	27,344
Fundraising	164,712	-	164,712
Supporting services			
General and administrative	454,428	-	454,428
Total expenses	<u>1,653,404</u>	<u>-</u>	<u>1,653,404</u>
Change in net assets	4,080	(58,212)	(54,132)
Net assets			
Beginning of year	<u>4,302,929</u>	<u>426,624</u>	<u>4,729,553</u>
End of year	<u><u>\$ 4,307,009</u></u>	<u><u>\$ 368,412</u></u>	<u><u>\$ 4,675,421</u></u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Theatre revenue	\$ 618,065	\$ -	\$ 618,065
Donations	364,387	168,050	532,437
Education	-	37,650	37,650
Other revenue	106,542	24,274	130,816
Net assets released from restrictions	87,328	(87,328)	-
Total revenues	<u>1,176,322</u>	<u>142,646</u>	<u>1,318,968</u>
Expenses			
Program services			
Productions	847,884	-	847,884
Education and outreach	485	-	485
Fundraising	86,307	-	86,307
Supporting services			
General and administrative	<u>473,358</u>	<u>1,392</u>	<u>474,750</u>
Total expenses	<u>1,408,034</u>	<u>1,392</u>	<u>1,409,426</u>
Change in net assets	(231,712)	141,254	(90,458)
Net assets			
Beginning of year	<u>4,534,641</u>	<u>285,370</u>	<u>4,820,011</u>
End of year	<u><u>\$ 4,302,929</u></u>	<u><u>\$ 426,624</u></u>	<u><u>\$ 4,729,553</u></u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Programming Services				General and Administrative	Total Expenses
	Productions	Education and Outreach	Rental	Fundraising		
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ 1,335	\$ 1,335
Bank and credit card fees	-	-	-	-	50,222	50,222
Building maintenance	21,923	-	-	-	-	21,923
Development	-	-	-	12,775	2,299	15,074
Depreciation	-	-	-	-	120,563	120,563
Dues and subscriptions	-	-	-	-	2,363	2,363
Employee benefits	8,270	-	-	4,272	5,681	18,223
Equipment repair	-	-	-	-	164	164
Events expense	-	-	-	29,088	-	29,088
Housing and travel	32,721	-	-	-	-	32,721
Insurance	30,459	-	-	-	10,153	40,612
In-kind expense	-	-	-	23,545	-	23,545
Marketing	110,184	-	-	1,110	180	111,474
Meals and entertainment	-	-	-	-	593	593
Meeting	-	-	-	-	2,573	2,573
Payroll taxes and employee benefits	14,737	2,374	-	7,613	14,924	39,648
Postage and delivery	-	-	-	-	2,078	2,078
Production	677,077	600	-	-	-	677,677
Professional development	-	5,741	-	-	-	5,741
Professional services	-	-	-	-	61,054	61,054
Rent expense	-	-	-	-	36,918	36,918
Rental fee	-	-	27,344	-	-	27,344
Salary and wages	42,922	24,446	-	78,403	113,937	259,708
Storage	5,623	-	-	-	-	5,623
Supplies	1,612	1,411	-	7,906	7,631	18,560
Travel	-	-	-	-	21,283	21,283
Utilities	26,820	-	-	-	477	27,297
Total expenses	<u>\$ 972,348</u>	<u>\$ 34,572</u>	<u>\$ 27,344</u>	<u>\$ 164,712</u>	<u>\$ 454,428</u>	<u>\$ 1,653,404</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Programming Services			General and	Total
	Productions	Education and Outreach	Fundraising	Administrative	Expenses
Bad debt expense	\$ -	\$ -	\$ -	\$ 590	\$ 590
Bank and credit card fees	-	-	-	37,621	37,621
Building maintenance	6,461	-	-	-	6,461
Capital campaign expenses	-	-	3,262	-	3,262
Development	-	-	2,276	-	2,276
Depreciation	-	-	-	120,062	120,062
Dues and subscriptions	-	-	-	6,172	6,172
Employee benefits	6,520	-	842	770	8,132
Equipment repair	-	-	-	798	798
Events expense	-	-	11,424	-	11,424
Housing and travel	16,591	-	-	-	16,591
Insurance	54,915	-	-	21,557	76,472
Marketing	92,645	-	26,099	3,438	122,182
Meals and entertainment	-	-	-	1,790	1,790
Meeting	-	-	-	2,288	2,288
Payroll taxes and employee benefits	11,264	-	2,455	21,969	35,688
Postage and delivery	-	-	-	1,724	1,724
Production	568,096	150	-	-	568,246
Professional services	-	-	-	113,687	113,687
Rent expense	-	-	-	41,019	41,019
Salary and wages	55,488	-	32,087	68,260	155,835
Storage	8,017	-	-	-	8,017
Supplies	4,204	335	7,862	3,406	15,807
Travel	-	-	-	25,917	25,917
Utilities	23,683	-	-	3,682	27,365
Total expenses	<u>\$ 847,884</u>	<u>\$ 485</u>	<u>\$ 86,307</u>	<u>\$ 474,750</u>	<u>\$ 1,409,426</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (54,132)	\$ (90,458)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	120,563	120,062
(Increase) decrease in operating assets:		
Receivables	(25,594)	(40,894)
Prepaid expenses	(80,182)	3,528
Deposits	(855)	40
Increase (decrease) in operating liabilities:		
Accounts payable	8,982	1,724
Accrued payroll and related liabilities	8,692	-
Deferred revenue	143,683	(69,126)
Other current liabilities	(56,893)	70,836
Net cash provided (used) by operating activities	<u>64,264</u>	<u>(4,288)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,241)	(1,425)
Purchase of investments, net	(72,870)	(38,929)
Net cash used by investing activities	<u>(79,111)</u>	<u>(40,354)</u>
Net decrease in cash	(14,847)	(44,642)
Cash and cash equivalents at beginning of year	<u>136,670</u>	<u>181,312</u>
Cash and cash equivalents at end of year	<u>\$ 121,823</u>	<u>\$ 136,670</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

1) Nature of activities

Le Petit Theatre du Vieux Carre (the "Theatre") is a non-profit organization established in 1916 to present theatrical performances for the community. The mission of the Theatre is to provide a wide range of quality theatrical productions and programming to entertain, enrich and educate the diverse population of the region and enhance the economic vitality of the Greater New Orleans community.

2) Summary of significant accounting policies

The significant accounting policies followed by the Theatre are summarized as follows:

(a) Financial statement presentation

The Theatre's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(d) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of the original invoice. The Theatre writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

(e) Property and equipment

Depreciation of the buildings and improvements, equipment, and furniture and fixtures is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 5 to 39 years.

Property and equipment are stated at cost. Additions, renewals, and betterments that add materially to the productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the Statements of Activities. The Theatre's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long lived assets may not be recovered.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

2) Summary of significant accounting policies (continued)

(f) Taxes

The Theatre is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Theatre has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Theatre files Form 990 tax returns in the U.S. federal jurisdiction and in Louisiana.

The Theatre adopted the provisions of Accounting Standards Codification (“ASC”) 740, *Accounting for Uncertainty in Income Taxes*. Management of the Theatre believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits. With few exceptions, the Theatre is no longer subject to U.S. federal, state and local, or income tax examinations by tax authorities beyond three years from the filing of those returns.

(g) Fundraising

All expenses associated with fundraising events are expensed as incurred.

(h) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) 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.

(i) Concentration of credit risk

Financial instruments that potentially subject the Theatre to concentrations of credit risk consist principally of cash deposits. The Theatre may at times have cash on deposit at financial institutions that is in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to certain limits. The Theatre has not experienced any losses in such accounts. The Theatre has no policy requiring collateral or other security to support its deposits.

(j) Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises are recorded when all conditions have been met. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, 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.

(k) Donated services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Theatre.

The Theatre received donated services to assist with production and event expenses. The estimated value of the contributed services for the years ended June 30, 2019 and 2018 was \$23,545 and \$16,715, respectively.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

2) Summary of significant accounting policies (continued)

(l) Donated property and equipment

Noncash donations are recorded as contributions at their fair values at the date of donations. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

(m) Investments

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value. Fair value is determined using quoted market prices (where available), or if not available, estimated fair values based on quoted market prices of financial instruments with similar characteristics. All other investments are carried at the lower of costs or market. Recognized gains and losses on investments are reflected in the Statements of Activities. Dividends and interest income are recorded during the period earned.

Investments are exposed to various risks such as significant world events, interest rates, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

(n) Deferred revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2019 and 2018. This is composed of revenue for theatre productions that will take place the following fiscal year.

(o) Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Theatre.

(p) Endowment funds

The Not-for-Profit Entities Topic of the ASC provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This Topic requires additional disclosures about an organization's endowment funds (both donor-restricted and board designated endowment funds), which are disclosed in Notes 8 and 9.

(q) Pledges receivable

The pledges receivable consist of unconditional promises to give in the amount of \$36,500 at June 30, 2018. The pledges were restricted for executive salaries. Management determined that all the pledges receivable were expected to be collected during 2019; therefore were recorded at their net realizable value at June 30, 2018. All pledges were collected in 2019.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

3) Net assets with purpose restrictions

Net assets with purpose restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Strategic Plan	\$ 12,145	\$ 12,145
Capital Improvements	64,367	60,550
Executive Salaries	-	36,500
Education Programing	8,761	37,165
Total temporarily restricted assets	<u>\$ 85,273</u>	<u>\$ 146,360</u>

4) Net assets with restrictions perpetual in nature

Net assets with restrictions perpetual in nature consist of endowment funds. The Le Petit Theatre Fund and The Harold Newman Fund are administered by the Greater New Orleans Foundation. As of June 30, 2019 and 2018, these net assets were as follows:

	<u>2019</u>	<u>2018</u>
Harold Newman Endowment Fund	\$ 231,464	\$ 228,694
Le Petit Theatre Endowment Fund	51,675	51,570
Total net assets with restrictions perpetual in nature	<u>\$ 283,139</u>	<u>\$ 280,264</u>

5) Investments

The Theatre maintains endowments that are included on its Statements of Financial Position. The Le Petit Theatre Fund and The Harold Newman Fund are administered by the Greater New Orleans Foundation. The board designated endowment is administered by the Jewish Endowment Foundation of Louisiana.

The investments as of June 30, 2019 and 2018 are summarized as follows:

	<u>Costs</u>	<u>2019 Fair Value</u>	<u>2018 Fair Value</u>
Endowment Fund Investments	\$ 234,008	\$ 283,139	\$ 280,264
Board Designated Endowment	\$ 1,377,565	\$ 1,527,404	\$ 1,457,409

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

5) Investments (continued)

Investment return for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Endowment Fund Investments		
Investment income	\$ 2,112	\$ 1,474
Realized / unrealized gain	11,619	20,700
Board Designated Endowment		
Investment income	22,887	42,881
Realized / unrealized gain	54,851	65,667

6) Property and equipment, net

Property and equipment, net consisted of the following:

	<u>2019</u>	<u>2018</u>
Building & improvements	\$ 3,491,720	\$3,487,018
Land	7,600	7,600
Equipment	337,368	335,829
Furniture and fixtures	<u>101,947</u>	<u>101,947</u>
Total costs	3,938,635	3,932,394
Less: accumulated depreciation	<u>1,245,275</u>	<u>1,124,712</u>
Property and equipment, net	<u>\$ 2,693,360</u>	<u>\$2,807,682</u>

For the years ended June 30, 2019 and 2018, depreciation expense totaled \$120,563 and \$120,062, respectively.

7) Fair value measurement

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Theatre has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

7) Fair value measurement (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2019 and 2018.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Equities, certain Fixed Income Funds and certain Money Market Funds: Valued at the closing price reported on the active market on which the individual securities are traded. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Corporate Bonds, Fixed Income Bond Funds, and Mortgage backed Securities: Valued at the present value of the expected future cash flows utilizing the minimum risk free rate of return. The valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Money Market Funds: Valued at the net asset value of the shares held at year end.

Other Investments: Included in other investments are Private Equity Funds, Limited Liability Entities, Hedge Funds, and Pooled Investment Funds. These investments are valued based upon the units held at year-end multiplied by the respective unit value. The unit value is based upon significant observable inputs, although it is not based upon quoted marked prices in an active market. The underlying investments consist primarily of equity securities, debt obligations, short-term investments and other marketable securities. In accordance with ASC 820-10, these investments are not classified in the fair value hierarchy.

Furthermore, while the Theatre believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

7) Fair value measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Theatre's assets at fair value as of June 30, 2019.

Assets at Fair Value as of June 30, 2019				
	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 958,418	\$ -	\$ -	\$ 958,418
Corporate Bonds	-	451,046	-	451,046
Fixed Income Funds	-	112,985	-	112,985
Money Market Funds	10,332	96,298	-	106,630
Mortgage Backed Securities	-	2,525	-	2,525
Total assets at fair value	<u>\$ 968,750</u>	<u>\$ 662,854</u>	<u>\$ -</u>	<u>\$ 1,631,604</u>
Investments recorded at NAV as practical expedient				178,939
				<u>\$ 1,810,543</u>

The following table sets forth by level, within the fair value hierarchy, the Theatre's assets at fair value as of June 30, 2018.

Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 889,839	\$ -	\$ -	\$ 889,839
Fixed Income Funds	-	99,127	-	99,127
Corporate Bonds	-	452,739	-	452,739
Money Market Funds	9,380	101,387	-	110,767
Mortgage Backed Securities	-	2,984	-	2,984
Total assets at fair value	<u>\$ 899,219</u>	<u>\$ 656,237</u>	<u>\$ -</u>	<u>1,555,456</u>
Investments recorded at NAV as practical expedient				182,217
				<u>\$ 1,737,673</u>

In accordance with ASC 820-10, other investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Statements of Financial Position.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

8) Endowment

The Theatre's endowment consists of two (2) donor restricted funds, the Le Petit Theatre Endowment Fund and the Harold W. Newman Endowment Fund. The Theatre has granted the Greater New Orleans Foundation (the "Foundation") the authority to administer and manage the endowment funds in accordance with the Foundation's investment policy and guidelines as noted below. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Theatre classifies as net assets with restrictions perpetual in nature: (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 remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by the Theatre in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Theatre considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Theatre, and (7) the Theatre's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The primary financial objective 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 this objective. The Foundation has established a 5% real rate of return objective for the Foundation's 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.

Spending Policy. 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 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately 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 for 2019 and 2018 distributions were 4%. This percentage is evaluated each year and adjusted as necessary.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

8) Endowment (continued)

The composition of endowments by net asset class at June 30, 2019 and 2018 was:

	Net Assets with Restrictions Perpetual in Nature 2019	Net Assets with Restrictions Perpetual in Nature 2018
Endowment net assets, beginning of year	\$ 280,264	\$ 267,910
Investment income	2,112	1,474
Realized / unrealized gain	11,619	20,700
Contributions	<u>2,112</u>	<u>2,098</u>
Subtotal	<u>296,107</u>	<u>292,182</u>
Grants	10,753	10,528
Administrative expenses	<u>2,215</u>	<u>1,390</u>
Endowment net assets, end of year	<u>\$ 283,139</u>	<u>\$ 280,264</u>

9) Board designated endowment

As of June 30, 2019 and 2018, the Board of Le Petit Theatre du Vieux Carre had designated \$1,527,404 and \$1,457,409, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Theatre. The Theatre has granted the Jewish Endowment Foundation of Louisiana the authority to administer and manage the endowment funds in accordance with the Jewish Endowment Foundation of Louisiana's investment policy and guidelines. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Investment Policy. The investment policy adopted by the Jewish Endowment Foundation of Louisiana shall combine both the preservation of principal and moderate risk-taking. While high levels of risk are to be avoided, the assumption of moderate level of risk is warranted and encouraged in order to achieve satisfactory results consistent with the objectives and fiduciary character of the Jewish Endowment Foundation of Louisiana over a full market cycle.

Spending Policy. The Theatre has a spending policy which will allow for distributions upon their request as an annual distribution of up to five percent (5%) of the principal in the fund as of December 31 of the previous year.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

9) Board designated endowment (continued)

The composition of the board designated endowment at June 30, 2019 and 2018 was:

	Board Designated Endowment 2019 Without Donor Restrictions	Board Designated Endowment 2018 Without Donor Restrictions
Endowment net assets, beginning of year	\$ 1,457,409	\$ 1,430,834
Investment income	22,887	42,881
Realized / unrealized gain	54,851	65,667
Additions	-	-
Subtotal	<u>1,535,147</u>	<u>1,539,382</u>
Amounts appropriated for expenditure	-	74,902
Administrative expenses	<u>7,743</u>	<u>7,071</u>
Endowment net assets, end of year	<u>\$ 1,527,404</u>	<u>\$ 1,457,409</u>

10) Operating lease

The Theatre entered into a lease agreement effective February 1, 2017, for office space. The lease expires on January 31, 2020, unless terminated early in accordance with the lease agreement. The Theatre has the option to renew the lease for three successive one year renewal terms. Future minimum rental payments under the current lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 16,347

11) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2020. The Theatre is currently assessing the impact of these pronouncements on its financial statements.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

11) New accounting pronouncements (continued)

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018. The Theatre is currently assessing the impact of these pronouncements on its financial statements.

12) Subsequent events

The Theatre has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.



WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' 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

Board of Directors
Le Petit Theatre du Vieux Carre
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 Le Petit Theatre du Vieux Carre, which comprise the statement of financial position as of June 30, 2019, 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 November 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Le Petit Theatre du Vieux Carre'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 Le Petit Theatre du Vieux Carre's internal control. Accordingly, we do not express an opinion on the effectiveness of Le Petit Theatre du Vieux Carre'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 Le Petit Theatre du Vieux Carre'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 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 entity'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.

November 20, 2019

Wegmann Hazel & Co

LE PETIT THEATRE DU VIEUX CARRE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended June 30, 2019

SUMMARY OF COMPENSATION

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