THE LOUISIANA PHILHARMONIC ORCHESTRA

Audit of Financial Statements

June 30, 2019

LAPORTE

CPAs & BUSINESS ADVISORS

Contents

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report

To the Board of Trustees and Members of
the Louisiana Philharmonic Orchestra

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Philharmonic Orchestra (a non-profit organization) (the LPO), 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Philharmonic Orchestra as of June 30, 2019, 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the Louisiana Philharmonic Orchestra adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Other Matters
Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 our report dated May 19, 2020, on our consideration of the Louisiana Philharmonic Orchestra's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Louisiana Philharmonic Orchestra's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Philharmonic Orchestra's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
May 19, 2020

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Financial Position
June 30, 2019

Assets		
Current Assets		
Cash and Cash Equivalents	$	2,305
Contributions Receivable, Net		512,336
State Tax Credit Receivable		930,781
Other Current Assets		24,081
Total Current Assets		1,469,503
Property and Equipment, Net		348,027
Other Assets		
Contributions Receivable Greater than One Year, Net		721,417
Interest in Endowment Trust		962,471
Investments		200,473
Total Assets	$	3,701,891
Liabilities and Net Assets		
Current Liabilities		
Liability for Outstanding Checks	$	781
Trade Accounts Payable and Accrued Liabilities		584,200
Capital Lease Payable		13,922
Deferred Revenue - Ticket Sales		547,781
Line of Credit		800,000
Total Current Liabilities		1,946,684
Total Liabilities		1,946,684
Net Assets		
Without Donor Restrictions		(499,798)
With Donor Restrictions		2,255,005
Total Net Assets		1,755,207
Total Liabilities and Net Assets	$	3,701,891

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Earned Revenue	$ 3,017,325	$ -	$ 3,017,325
Contributions	1,785,655	484,510	2,270,165
Other Income	252,354	-	252,354
Net Assets Released from Restrictions - Satisfaction of Purpose Restrictions for Orchestra Programs	300,779	(300,779)	-
Net Investment Gain	48,612	-	48,612
Distributions from Endowment	37,233	(37,233)	-
Total Revenues and Other Support	5,441,958	146,498	5,588,456
Expenses			
Program Services			
Marketing	244,555	-	244,555
Education	491,847	-	491,847
Orchestra Programs	4,188,866	-	4,188,866
Supporting Services			
Fundraising and Development	258,855	-	258,855
Management and General	599,638	-	599,638
Total Expenses	5,783,761	-	5,783,761
Change in Net Assets	(341,803)	146,498	(195,305)
Net Assets, Beginning of Year	(157,995)	2,108,507	1,950,512
Net Assets, End of Year	$ (499,798)	$ 2,255,005	$ 1,755,207

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services			Supporting Services		
	Marketing	**Education**	**Orchestra Programs**	**Fundraising and Development**	**Management and General**	**Total**
Salaries and Wages	$ 184,335	$ 340,054	$ 3,470,799	$ 193,365	$ 154,230	$ 4,342,783
Organizational Supplies and Advertising	50,054	5,378	150,330	5,231	7,950	218,943
Services and Professional Fees	-	6,503	-	52,962	110,898	170,363
Venue, Office, and Other	10,166	127,878	529,747	7,297	326,560	1,001,648
Depreciation and Amortization	-	12,034	37,990	-	-	50,024
Total	$ 244,555	$ 491,847	$ 4,188,866	$ 258,855	$ 599,638	$ 5,783,761

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash Flows from Operating Activities		
Change in Net Assets	$	(195,305)
Adjustments to Reconcile Change in Net Assets		
to Net Cash Used in Operating Activities		
Depreciation and Amortization Expense		50,024
Endowment Gain		(39,856)
Net Realized and Unrealized Gain on Investment Securities		(9,002)
Increase in Contributions Receivable		(43,586)
Decrease in State Tax Credit Receivable		69,219
Decrease in Other Current Assets		47,941
Decrease in Interest in Endowment Trust		37,233
Increase in Trade Accounts Payable and		
Accrued Liabilities		145,757
Decrease in Deferred Revenue - Ticket Sales		(92,170)
Net Cash Used in Operating Activities		(29,745)
Cash Flows from Investing Activities		
Purchases of Investment Securities		(83,859)
Proceeds from Sale of Investment Securities		11,151
Purchase of Property and Equipment		(36,227)
Net Cash Used in Investing Activities		(108,935)
Cash Flows from Financing Activities		
Borrowings from Capital Lease Payable		30,595
Repayments on Capital Lease Payable		(16,673)
Repayments on Line of Credit		(1,099,653)
Borrowings from Line of Credit		1,201,007
Net Cash Provided by Investing Activities		115,276
Net Decrease in Cash and Cash Equivalents		(23,404)
Cash and Cash Equivalents, Beginning of Year		25,709
Cash and Cash Equivalents, End of Year	$	2,305

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

Note 1. Organization and Summary of Significant Accounting Policies

Organization

The Louisiana Philharmonic Orchestra (the LPO) is a non-profit entity formed to establish an orchestra to perform classical and other music, to present programs, and to undertake other activities to further the enjoyment of classical and other music by the public.

The Association operates the following programs:

Marketing
Marketing consists of advertising, design, printing and promotion expense, and the salaries of employees working in the marketing and box office departments.

Education
Education consists of materials and supplies for educational activities, education concert and project expense, and the salaries of employees working on education and community outreach projects.

Orchestra Programs
Orchestra programs consist of musician salaries and wages, artistic leadership and programming staff, guest artist and conductor expense, sheet music and licensing, and facility and equipment expense.

Basis of Accounting

The LPO's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations.* Under FASB ASC 958, the LPO is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Contributions with donor restrictions are reported as revenues with donor restrictions. Once funds are expended for their restricted purpose, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2019, there were $2,255,005 of net assets with donor restrictions.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net asset as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Cash and Cash Equivalents

The LPO considers all money-market investment instruments and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable consist of unconditional promises to give to the LPO. Unconditional promises to give are recognized as contribution revenue in the period received and are recorded at their net realizable value. At June 30, 2019, all contributions receivable were considered to be fully collectible by management.

Property and Equipment

Property and equipment, which includes sheet music, musical instruments, production equipment, and administrative equipment, are stated at cost, except for donated assets, which are recorded at fair market value on the date of the donation. It is the LPO's policy to capitalize all expenditures for these items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and twenty years for all property and equipment.

Deferred Revenue - Ticket Sales

The LPO promotes and collects season ticket sales for the subsequent season during the latter part of the current fiscal year. Costs incurred for the promotion of the following season are presented as deferred marketing costs, and revenues generated for the following season are presented as deferred revenue. Both the costs and revenues are recognized systematically throughout the next fiscal year as the season progresses and performances are held.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Endowments

As disclosed in Note 5, the LPO has several endowments where the recipient organization has variance power over the assets. Also, as disclosed in Note 5, the LPO is the beneficiary of one endowment where the recipient organization does not have variance power. As such, the endowment is recorded as an asset in the statement of financial position. Distributions from this endowment can be made twice a year at the discretion of the trustee in the amount of 4.0% of the average endowment balance for the past twelve quarters, not exceeding the expected long-term investment return of the endowment. Distributions are classified as unrestricted other income in the statement of activities.

Investments

Investments are carried at fair market value, based on quoted market prices for the investments. Net investment return is reported in the statement of activities without donor restrictions and consists of interest income, realized and unrealized gains and losses, less all investment expenses.

Tax Status

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

Donated Services and Materials

Donated services and materials, if significant in amount, are recorded as contributions at their fair market value, provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. During fiscal year 2019, the LPO has recorded both revenues and expenses of $3,003, relating primarily to management and general expenses for donated professional services.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement 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. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include staff salaries and benefits, supplies and travel, services and professional fees, office and occupancy, depreciation, and other expenses, which are allocated to functions based off estimates of time and effort.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted
In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The LPO implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. There was no reclassification of net assets as a result of implementation.

Recent Accounting Pronouncements - Not Yet Adopted
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounts standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. The new standard is effective for fiscal years beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2020. Management is currently evaluating the impact ASU 2016-02 will have on its financial statements.

Note 2. Concentration of Credit Risk

The LPO periodically maintains cash in bank accounts in excess of insured limits. The LPO has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Contributions Receivable

Contributions receivable are as follows as of June 30th:

Unconditional Promises to Give		
Receivable in Less than One Year	$ 512,336	$ 504,854
Receivable in One to Five Years	776,148	740,044
Total Unconditional Promises to Give	1,288,484	1,244,898
Less: Discounts to Net Present Value	(54,731)	(54,731)
Net Unconditional Promises to Give	$ 1,233,753	$ 1,190,167

Pledges expected to be received in more than one year were discounted at 1.92%.

Note 4. Property and Equipment

Property and equipment, net is summarized as follows for June 30th:

Music Library	$ 230,147
Instruments, Production Equipment, and Administrative Equipment	1,163,217
	1,393,364
Less: Accumulated Depreciation	(1,045,337)
Total	$ 348,027

Depreciation expense for the year ended June 30, 2019 amounted to $50,024.

Note 5. Endowments

Several endowments have been established at the Greater New Orleans Foundation (GNOF) for the benefit of the LPO over which GNOF has variance power. GNOF utilizes an endowment spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on the LPO's financial statements. As of June 30, 2019, these endowments were valued at approximately $2,907,524. Distributions from these endowments, which are at the discretion of GNOF, were $75,260 during the year ended June 30, 2019.

The LPO has, in the statement of financial position, an interest in an endowment trust in the amount of $962,471 at June 30, 2019. GNOF serves as the trustee of the trust. Distributions from the endowment trust were $37,233 for the period ended June 30, 2019.

Note 6. Investments and Fair Value of Financial Instruments

Investments consist of the following at June 30, 2019:

Mutual Funds and Exchange Traded Funds	$	200,473
Cash and Cash Equivalents - Held for Investment		2,305
Total	$	202,778

The LPO follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The LPO's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Endowment Fund: The fair value is determined by the use of the calculated net asset value per ownership share.

Mutual Funds and Exchange Traded Funds: The fair value is determined by the net asset value (NAV) of shares held at year-end.

Note 6. Investments and Fair Value of Financial Instruments (Continued)

The valuation of the LPO's assets and liabilities measured at fair value on a recurring basis are as follows:

June 30, 2019	Total	Level 1	Level 2	Level 3
Endowment Trust	$ 962,471	$ -	$ -	$ 962,471
Cash and Cash Equivalents	2,305	2,305	-	-
Mutual Funds and Exchange Traded Funds	200,473	200,473	-	-
Total	$ 1,165,249	$ 202,778	$ -	$ 962,471

The changes in investments measured at fair value for which the LPO has used Level 3 inputs to determine fair value are as follows:

June 30, 2019	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Change in Present Value	Level 3 Ending Balance
Endowment Trust	$ 959,847	$ 39,857	$ (37,233)	$ -	$ -	$ 962,471
Total	$ 959,847	$ 39,857	$ (37,233)	$ -	$ -	$ 962,471

Note 7. Line of Credit

The LPO has available a line of credit from a bank totaling $800,000, bearing interest at the Wall Street Journal Prime rate (5.00% at June 30, 2019), maturing April 1, 2020. At June 30, 2019, $800,000 was drawn against this line of credit. The line of credit is secured by the Musical and Theatrical Production Income Tax Credit from the state of Louisiana.

Note 8. Capital Lease Obligations

The LPO is the lessee of office furniture under a capital lease. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are their estimated productive lives. Depreciation of assets under the capital lease is included in management and general for the year ended June 30, 2019.

The following is a summary of equipment held under the capital lease:

Equipment	$ 30,595
Less: Accumulated Depreciation	6,119
Net Book Value	$ 24,476

Note 8. Capital Lease Obligations (Continued)

Obligations under the capital lease consist of the following at June 30, 2019:

Lease payable to a creditor, due in monthly installments of $1,283, secured by furniture and equipment, final payment due July 2020, interest at 0.04%.	$ 13,922
	13,922
Less: Current Maturities	13,922
Total Long-Term Capital Lease Obligations	$ -

Payment obligations on the capital lease are as follows:

Year Ending June 30,	Amount
2020	$ 13,926
Total Minimum Lease Payments	13,926
Less: Amount Representing Interest	4
Present Value of Net Minimum Lease Payments	$ 13,922

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2019 have the following donor restrictions on them:

Periods after June 30, 2019	$ 1,654,755
Specific Programs and Purposes	600,250
Total	$ 2,255,005

Net assets with donor restrictions, which are restricted for periods after June 30, 2019, consist primarily of the unreleased amount of grants received from Oscar Tolmas Charitable Trust, Frank and Paulette Stewart, LPO Volunteers, Gia Maione Prima Foundation, and various individual gifts.

Note 10. Commitments

Rent expense for office and storage totaled $78,339 for the year ended June 30, 2019, respectively.

The LPO leases office space, office furniture, performance space under rental agreements. Required minimum payments under these leases are as follows for June 30th:

2020	$ 256,235
2021	58,553
2022	45,473
2023	44,000
2024	3,700
Thereafter	-
Total	$ 407,961

Note 11. Pension Plan

The LPO participates in the American Federation of Musicians' and Employers' Pension Fund (the Fund). The Fund covers every orchestral musician employed by the LPO. Under the terms of the Fund, the LPO contributes 4.36% of base wages for the LPO employees and 4.36% of all wages of subs and extras for musical services (as described in the AFM's Wage Scale Book). The amount contributed to the Fund for the year ended June 30, 2019 totaled $37,454.

Note 12. Endowment Fund

As disclosed in Note 5, the LPO has an endowment with GNOF. The following is GNOF's policies for endowment funds.

GNOF 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 2018 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

Note 12. Endowment Fund (Continued)

The primary financial objective for GNOF 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, which is intended to meet this objective. GNOF has established a 5% real rate of return objective for GNOF'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.

The restricted net assets also consist of contributions received which are held in a savings account with a financial institution.

Composition of and changes in endowment net assets were as follows for the year ended June 30, 2019:

June 30, 2019	GNOF Endowment	Other Donor Designated	Total Restricted
Restricted Endowment Net Assets, Beginning of Year	$ 959,847	$ 666,877	$ 1,626,724
Distributions	(37,233)	-	(37,233)
Net Appreciation in Endowment	39,857	-	39,857
Restricted Endowment Net Assets, End of Year	$ 962,471	$ 666,877	$ 1,629,348

Note 13. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The LPO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 14. Liquidity and Availability

The LPO regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the LPO has available. In addition, the LPO operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

Investments	$ 200,473
Accounts Receivable	512,336
State Tax Receivable	930,781
Total	$ 1,643,590

Note 15. State Tax Credit Receivable

Included with earned revenue is a total of $930,781 related to a musical and theatrical production tax credit for the state of Louisiana. This amount represents a calculated amount based on a cost report of live production expenditures produced by the LPO during the period from September 4, 2017 through September 4, 2019. This cost report is required to be audited by an independent accounting firm. The audited cost report is subsequently submitted to the state of Louisiana (Louisiana Department of Economic Development) for certification. As of the report date, December 18, 2018, this report has been completed and the LPO has received final certification from the state of Louisiana.

Note 16. Subsequent Events

In accordance with ASC 855, management has evaluated subsequent events through May 19, 2020, the date these financial statements were available to be issued and determined that the following required disclosure:

Note 16. Subsequent Events (Continued)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the LPO operates. While it is unknown how long these conditions will last and what the complete financial effect with be to the LPO, to date, the LPO has lost revenue due to the cancellation of projects and concerts with an anticipated further decrease of contributed and earned revenue over the next six months to a year. The concentrations due to revenue from individuals, corporations and grants make it reasonably possible that the LPO is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on investments and credit losses on receivables.

In October 2019, the LPO obtained a new line of credit from a bank in the amount of $450,000. The line of credit bears interest at the Wall Street Journal Prime rate and is payable in monthly installments of accrued unpaid interest with one final payment of the outstanding principal and all unpaid accrued interest at maturity in April 2021. The line of credit is secured by LED tax credits.

In May 2020, an extension in the maturity date of the $800,000 line of credit with the bank was granted. The line of credit now matures July 1, 2020.

There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

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*

Independent Auditor's Report

To the Board of Trustees and Members of
the Louisiana Philharmonic Orchestra:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Louisiana Philharmonic Orchestra (the LPO), 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 dated May 19 ,2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the LPO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LPO's internal control. Accordingly, we do not express an opinion on the effectiveness of the LPO'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 the Louisiana Philharmonic Orchestra'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2019-001.

Purposes 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 LPO'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 LPO'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 Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
May 19 ,2020

SUPPLEMENTARY INFORMATION

THE LOUISIANA PHILHARMONIC ORCHESTRA
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Louisiana Revised Statute (LRS) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended LRS. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplementary report.

Agency Head
James Boyd, CEO

Purpose	Compensation and Benefits Funded by use of Public Funds
Salary	$0
Bonus	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Car Allowance (Lease, Insurance, Gasoline)	$0
Vehicle Provided by LPO (Taxable Fringe Benefit) Amount Reported on W-2	$0
Per Diem	$0
Reimbursements (Electronic Devices)	$0
Local Entertainment/Sales	$0
Registration Fees	$0
Conference/Sales Mission Travel	$0
Local Transportation/Parking	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Dues and Subscriptions	$0

* Compensation and Benefits for Agency Head were funded using private funds.

See independent auditor's report.

2019-001 Late Submission of Audit Report to Legislative Auditor

Criteria: Louisiana Revised Statutes (LRS) 24:513A (5)(a)(i).

Condition: The audit report was not filed within six months as required by state law.

Cause: Accounts contained misstatements that required adjustment. Due to the adoption of ASU 2016-14, as discussed in Note 1, there was a change in the chart of accounts and there were issues with postings to this new chart of accounts during the fiscal year. Therefore, the LPO needed additional time to resolve the matter.

Effect: Noncompliance with LRS 24:513A (5)(a)(i).

Recommendation: We recommend that the LPO ensure that the time requirement is met for next year's audit.

Management's Response: The LPO will ensure that the annual audit is filed timely next year to resolve this finding.