LOUISIANA SYMPHONY ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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Audited Financial Statements:

HTB Hannis T. Bourgeois
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Independent Auditor's Report

To the Board of Directors
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Symphony Association Inc. (the "Association"), (a nonprofit organization), 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 Association 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.

Prior Period Financial Statements

The financial statements of Louisiana Symphony Association, Inc. as of June 30, 2018 were audited by other auditors whose report dated December 19, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 30, 2019

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Current Assets:		
Cash and Cash Equivalents	$ 148,973	$ -
Restricted Cash	92,497	141,545
Investments - Restricted	157,410	148,407
Unconditional Promises to Give - Without Donor Restrictions	13,082	30,625
Receivables - With Donor Restrictions	9,359	253,796
Prepaid Expenses and Other Assets	1,500	8,844
Total Current Assets	422,821	583,217
Endowment Assets	380,000	375,000
Beneficial Interest in BR Symphony League	53,289	34,248
Long-Term Portion of Unconditional Promises to Give -		
Without Donor Restrictions	109,980	55,200
Property and Equipment, Net	45,555	53,002
Total Assets	$ 1,011,645	$ 1,100,667

LIABILITIES AND NET ASSETS

	2019	2018
Current Liabilities:		
Accounts Payable	$ 20,801	$ 113,161
Outstanding Checks in Excess of Bank Balance	7,042	24,120
Lines of Credit	138,088	150,000
Accrued Expenses	7,220	16,698
Deferred Revenues	110,578	-
Total Liabilities	283,729	303,979
Non-Current Liabilities:		
Long-Term Lines of Credit	-	217,857
Net Assets:		
Without Donor Restrictions:		
Undesignated (Deficit)	(140,630)	(253,053)
With Donor Restrictions:		
Perpetual in Nature	380,000	375,000
Purpose Restrictions	365,484	361,059
Time-Restricted for Future Periods	123,062	95,825
	868,546	831,884
Total Net Assets	727,916	578,831
Total Liabilities and Net Assets	$ 1,011,645	$ 1,100,667

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions:						
Endowment - Investment Income, Net	$ -	$ 29,521	$ 29,521	$ -	$ 37,368	$ 37,368
Individual	122,128	143,860	265,988	195,506	113,554	309,060
Corporate	59,100	33,500	92,600	122,345	15,000	137,345
Foundations	1,570	125,000	126,570	245,486	5,000	250,486
Board Members	16,318	24,250	40,568	112,259	38,500	150,759
League	35,100	-	35,100	60,000	-	60,000
Special Events	19,534	-	19,534	37,951	-	37,951
Government Grants	109,064	-	109,064	110,597	-	110,597
Program Service Fees						
Admission Sales	25,970	-	25,970	-	-	-
Subscriptions	125,818	-	125,818	180,679	-	180,679
Single Ticket Sales	276,961	-	276,961	307,198	-	307,198
Custom Hire/Fees for Service	65,580	-	65,580	48,400	-	48,400
Merchandise	167	-	167	124	-	124
Tuition and Dues	37,849	-	37,849	37,874	-	37,874
Investment Income	-	127	127	-	149	149
Other Income	5,071	-	5,071	-	-	-
In Kind	478,352	-	478,352	124,619	-	124,619
Supper Club	-	20,000	20,000	-	-	-
Tax Credit Refund	203,342	-	203,342	247,959	-	247,959
Change in Beneficial Interest in League	19,041	-	19,041	(45,678)	-	(45,678)
Total Support and Revenue	1,600,965	376,258	1,977,223	1,785,319	209,571	1,994,890
Net Assets Released From Restriction	339,596	(339,596)	-	181,083	(181,083)	-
Total Revenues and Other Support	1,940,561	36,662	1,977,223	1,966,402	28,488	1,994,890
Expenses:						
Program Expenses	999,148	-	999,148	1,023,271	-	1,023,271
Supporting Services:						
Marketing	387,607	-	387,607	173,629	-	173,629
Development	60,618	-	60,618	89,869	-	89,869
General and Administrative Expenses	380,765	-	380,765	345,104	-	345,104
Total Expenses	1,828,138	-	1,828,138	1,631,873	-	1,631,873
Change in Net Assets	112,423	36,662	149,085	334,529	28,488	363,017
Net Assets (Deficit) - Beginning of Year	(253,053)	831,884	578,831	(587,582)	803,396	215,814
Net Assets (Deficit) - End of Year	$ (140,630)	$ 868,546	$ 727,916	$ (253,053)	$ 831,884	$ 578,831

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019
WITH TOTALS FOR JUNE 30, 2018

		Supporting Services			Total	Total
	Program Expenses	Marketing	Development	General and Administrative	Expenses 2019	Expenses 2018
Salaries and Wages	$ 477,650	$ -	$ 345	$ 26,926	$ 504,921	$ 583,038
Payroll Taxes	35,191	-	-	1,918	37,109	37,158
Employee Benefits	11,507	-	-	5,397	16,904	30,547
Professional Services	180,696	-	-	61,474	242,170	114,779
Office Expense	-	-	-	3,043	3,043	32,576
Occupancy	-	-	-	3,895	3,895	48,537
Interest Expense	-	-	-	14,584	14,584	15,075
Depreciation	6,965	-	-	373	7,338	8,001
Insurance	-	-	-	5,227	5,227	11,670
Public Relations	16,290	134,961	-	-	151,251	88,745
Guest Artists	83,407	-	-	-	83,407	273,473
Concerts	155,160	-	-	-	155,160	170,751
Patron Services	31,682	-	-	-	31,682	22,688
In-Kind Donations	600	252,646	13,189	211,917	478,352	124,618
Other Expenses	-	-	47,084	46,011	93,095	70,217
Total Expenses	$ 999,148	$ 387,607	$ 60,618	$ 380,765	$ 1,828,138	$ 1,631,873

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Increase in Net Assets	$ 149,085	$ 363,017
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Bad Debt Expense	24,960	-
Depreciation	7,338	8,000
Loss on Disposal of Property and Equipment	109	-
Unrealized Loss (Gain) on Investments	(9,003)	(37,348)
Change in Beneficial Interest in BR Symphony League	(19,041)	(14,322)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	219,477	(235,668)
Prepaid Expenses	7,344	14,642
Unrestricted Unconditional Promises to Give	(37,237)	29,026
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(92,360)	(31,537)
Accrued Expenses	(9,478)	4,681
Deferred Revenues	110,578	(180,050)
Net Cash Provided By (Used In) Operating Activities	351,772	(79,559)
Cash Flows from Investing Activities:		
Cash from BR Symphony League	-	60,000
Proceeds from Maturities of Investments	-	45,550
Purchase of Investments	(5,000)	-
Net Cash Provided By (Used In) Investing Activities	(5,000)	105,550
Cash Flows from Financing Activities:		
Principal Draws (Repayments) on Line of Credit, Net	(229,769)	54,176
Increase (Decrease) in Outstanding Checks in Excess of Bank Balance	(17,078)	(1,548)
Net Cash Provided By (Used In) Financing Activities	(246,847)	52,628
Net Increase (Decrease) In Cash and Cash Equivalents	99,925	78,619
Cash and Cash Equivalents at Beginning of Year	141,545	62,926
Cash and Cash Equivalents at End of Year	$ 241,470	$ 141,545
Supplemental Disclosures:		
Cash Paid During the Year for Interest	$ 14,584	$ 15,075

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Nature of Activities

The Louisiana Symphony Association, Inc. (the Association) was founded in 1947. The mission of the Association is to enhance the quality of life in our community through music.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Association is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Net Assets Without Donor Restrictions - not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Board of Directors. Board designations include designation for reserves and other designations and are presented on the face of these financials statements.

Net Assets With Donor Restrictions - subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature for future periods, such as those that will be met by the passage of time or other events specified by the donor, and some donor restrictions are restricted for purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets restricted in perpetuity include endowment funds on these financials.

Contributions and Promises to Give

In accordance with the accounting for contributions received and contributions made contained in the ASC, contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. 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.

The Association has an endowment trust funded by contributions. Donor contributions without donor restrictions can be used at the Association's discretion. The principal for donor contributions with donor restrictions that are perpetual in nature must remain intact. Funds donated with restrictions on principal have been classified as perpetual in nature net assets with donor restrictions.

Unconditional promises to give cash and other assets donated to the Association are reported at fair value on the date the promise is received. Due to the relatively short term nature of the promises to give, fair value equals the amount of the promise at June 30, 2019 and 2018.

Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable. Grants which represent contributed support are recognized in the same manner as promises to give.

Tax Credit Income

Tax credit income is recognized as a receivable when the application has been accepted and approved for payment by the governing body.

Accounts Receivable and Deferred Revenue

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end and are determined to be past due based on contractual terms. Based on management's assessment of credit history with clients having outstanding balances and current relationships with them, the Association has concluded that realization of losses on balances outstanding at year end, if any, will not be significant.

Deferred revenue represents tickets for concerts that have been sold or sponsorships received prior to the date of the concert. After the concert is performed, the revenue from the concert will be realized and recorded as revenue. In the event any of the productions are not presented, the advance ticket collections and sponsorships for that concert will be available for refund to the ticket holders.

Contributed and Volunteer Services

The Association recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. Services donated include advertising, rehearsal space and professional services. The value of contributed services meeting the requirements for recognition in the financial statements was $478,352 and $124,619 for the years ended June 30, 2019 and 2018, respectively.

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition, as described above.

Property and Equipment

Property and equipment are stated at cost. The Association capitalizes all assets with an initial cost that is greater than $500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Association has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

The Association adopted the accounting guidance related to accounting for uncertain tax positions. In management's judgment, the Association does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

Cash and Cash Equivalents

The Association considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents." Cash and cash equivalents for purposes of the statements of cash flows excludes cash and cash equivalents and amounts held in brokerage accounts that are perpetual in nature with donor restricted net assets.

The Association maintains cash balances at several financial institutions and brokerage houses. At various times during the year, the balances on deposit may exceed the limits insured by the Federal Deposit Insurance Corporation.

Functional Allocation of Expenses

The costs of providing for the various programs and other activities of the Association have been summarized on their functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are recorded directly in the program service or supporting service classification in which they were incurred except for professional services which are allocated based on employee function.

Estimates

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

Investments and Investment Revenues

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Unrealized gains and losses and other investment income are recorded in current year operations as increases or decreases in net assets with donor restrictions until the gains and losses receive appropriation for expenditure.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method. These realized gains and losses flow through the Association's current operations.

Beneficial Interest in Baton Rouge Symphony League

In accordance with the *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others topic of FASB ASC*, the net assets of the League are treated as a beneficial interest asset on the Association's financial statements. The effect of this guidance is for the Association to recognize an asset equal to the net assets of the League, similar to the equity method of accounting.

Recent Accounting Pronouncements

During the year ended June 30, 2019, the Association implemented Accounting Standards Update (ASU) 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of net assets that were previously presented as unrestricted, temporarily, or permanently restricted have been presented as without or with donor restrictions in these financial statements. The ASU also requires additional disclosures regarding liquidity and availability of certain financial assets which is discussed at Note 3 in these financial statements. This ASU also requires that investment return be presented on a net basis, with all external and direct internal investment management and custodial expense netted against the return. Lastly, the ASU requires the presentation of expenses by function and natural classification which has been reflected in the Statements of Functional Expenses in these financial statements. In accordance with transition guidance, entities are permitted to present a one year presentation of functional expenses in the year of implementation if they also disclose the natural classification totals of the prior year. The Association has elected to present the June 30, 2018 expenses by natural classification as an additional column on the Statements of Functional Expenses. This is a presentation standard and had no effect on the previously reported change in net assets and net assets with or without donor restrictions.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard will be effective for periods beginning after December 15, 2018. The Association is evaluating the impact the pronouncement may have on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 was effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. In November 2019, the FASB delayed the effective date for non-public companies to fiscal years beginning after December 15, 2020. The Association is evaluating the impact the pronouncement may have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date*. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018, with early adoption permitted. The Association is evaluating the impact the pronouncement may have on its financial statements.

Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 30, 2019, the date which the financial statements were available to be issued.

3. Liquidity and Availability

The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2019
Financial Assets at Year-end:	
Cash and Cash Equivalents	$ 148,973
Restricted Cash	92,497
Investments	157,410
Unconditional Promises to Give	123,062
Receivables	9,359
Endowment Assets	380,000
	911,301
Less amounts not available for general expenditures within one year, due to:	
Net Assets:	
Pepetual in Nature	(380,000)
Purpose Restrictions	(365,484)
Time-Restricted for Future Periods	(123,062)
	(868,546)
Financial assets available to meet cash needs for general expenditures within one year	$ 42,755

The Louisiana Symphony Association, Inc. manages liquidity through a variety of methods. One method is the organization deploys structured ask windows and sequence drops with its development committee. Another is the introduction of additional funds on an as needed basis through $300,000 in available working capital lines of credit. A third is management of its own box office, which provides stronger cash flow than not managing internally. A fourth method of liquidity management is through dedicated reserves. The organization's board actively set aside the entire proceeds from the disbursement of LED tax credit proceeds for the sole purpose of debt extinguishment. Furthermore, the board engaged a local CPA for an enhanced management agreement that further strengthens the cash flow predictability of numerous cost lines within the organization's budget, which provides much more consistent expectations of cash flow and allowed for simpler administrative execution. Lastly, the board has begun designating reserve requirements for the organization by dedicating $50,000 to be set aside as reserves as of September 2019.

Despite all these active constructive measures, the Louisiana Symphony Association, Inc. still remains structurally dependent on the fundraising efforts of the Irene W. & C. B. Pennington Great Performers (PGP) in Concert Series annual event. The net proceeds from this event for the 2018-2019 fiscal period were over 20% of the organization's top line revenue. The Board is aware of the concentration risk this represents and is actively working to strengthen the core operations' financial performance to mitigate or dilute the concentration risks this event represents. In response and recognition of that concentration, the fiscal year 2020 budget will include a $25,000 allocation from the PGP and for the fiscal year 2021 budget, will include $-0- of allocated monies from that event to mitigate that concentration dependency.

4. Property and Equipment

A summary of property and equipment, accumulated depreciation, and related service lives at June 30, is as follows:

	Estimated Service Lives	2019	2018
Equipment	3 - 7 years	$ -	$ 47,778
Furniture and fixtures	5 - 7 years	30,121	35,048
Piano	20 years	92,750	92,750
		122,871	175,576
Less accumulated depreciation		(77,316)	(122,574)
		$ 45,555	$ 53,002

5. Fair Value Measurements

The *Fair Value Measurements and Disclosure* topic of FASB ASC 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 and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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:

Mutual funds: Valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Association are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

The asset'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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 22,635	$ -	$ -	$ 22,635
Equities	3,773	-	-	3,773
Mutual Funds	511,002	-	-	511,002
Total Assets at Fair Value	$ 537,410	$ -	$ -	$ 537,410

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 17,567	$ -	$ -	$ 17,567
Mutual Funds	505,840	-	-	505,840
Total Assets at Fair Value	$ 523,407	$ -	$ -	$ 523,407

6. Lines of Credit

The Association has available lines of credit totaling $300,000 and $450,000 at June 30, 2019 and 2018, respectively, from a financial institution. The lines of credit are secured with the Association's deposit accounts. The line of credit that expired August 14, 2019 was not renewed. The lines of credit, related balances, maturities, and interest rates as of June 30, 2019 and 2018, respectively, are as follows:

2019

Financial Institution	Rate	Balance	Maturity
Iberia Bank	6.57% (variable)	$ 98,088	July 25, 2020
Iberia Bank	6.75% (variable)	$ 40,000	August 14, 2019

2018

Financial Institution	Rate	Balance	Maturity
Iberia Bank	6.00% (variable)	$ 217,857	July 25, 2019
Iberia Bank	3.75% (variable)	$ 150,000	March 1, 2019

7. Net Assets With Donor Restrictions for Purpose or Time-Restricted for Future Periods

Net assets with donor restrictions were available for the following purposes at June 30, 2019 and 2018:

	2019	2018
88 Keys	$ 103,274	$ 102,512
Endowment income - education	169,714	160,955
PGP Funds	50,000	62,804
Guest Artist Fund	42,496	34,788
Multi-year promises to give	123,062	85,825
Corporate - time restricted	-	10,000
	$ 488,546	$ 456,884

8. Net Assets With Donor Restrictions for Purpose or Time-Restricted for Future Periods Released From Restrictions

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Endowment income - education	$ 18,400	$ 33,471
Endowment income - LYO	-	4,982
88 Keys	1,600	3,354
Corporate - time restricted	10,000	-
Multi-year promises to give	110,873	102,276
PGP	186,304	-
Guest artist fund	12,419	37,000
Total	$ 339,596	$ 181,083

9. Lease Agreement

The Association signed a lease agreement in March 2015. The lease term was for thirty-six months beginning June 1, 2015, with an option to renew for an additional twelve-month period. For the years ended June 30, 2019 and June 30, 2018, rent expense was $3,895 and $46,742, respectively. See Note 12.

10. Promises to give

Unconditional promises to give at June 30, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	$ 13,082	$ 30,625
Receivable in one to five years	109,980	55,200
Total unconditional promises to give	$ 123,062	$ 85,825

The scheduled payments on promises to give are as follows:

2020	$	13,082
2021		55,040
2022		54,940
	$	123,062

11. Endowed Net Assets

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an organization to appropriate for expenditure or accumulate so much of an endowment fund as the organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. As of June 30, 2019 and 2018, the Association holds net assets with donor restrictions that are perpetual in nature within an endowment account at Merrill Lynch. The principal amount of $380,000 as a result of the donations received shall not be expended for any purpose whatsoever. The earnings of these funds are deposited in net assets without donor restrictions. The funds are under the direction and control of the Executive Director of the Association and he only acts with Finance Committee or Board approval, as appropriate. During the life of the donor for each endowment, an annual report of the expenditure of endowment income shall be made to the Donor(s) or his/her designee(s). There was a $5,000 increase in the principal amount of the endowed account during the year ended June 30, 2019. There was no activity in the principal amount of the endowed account during the year ended June 30, 2018.

12. Commitments

The Association entered into a professional services agreement on July 1, 2018. The agreement outlines the responsibilities of the third party to include accounting, finance, human resources, payroll, IT, development, management, patron services, office space, and tax related services. Future payments in accordance with this agreement are as follows:

2020	$ 228,570
2021	237,713
2022	247,221
2023	257,110
	$ 970,614

13. Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer

Chief Executive Officer:

Purpose:	James "Jim" Hanna 2019	Eric Marshall 2019
Salary	$ 64,167	$ 13,333
Benefits - insurance	11,003	197
Benefits - retirement	-	-
Deferred compensation	-	-
Car allowance	-	-
Cell phone	-	-
Dues	-	-
Vehicle rental	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Housing	-	-
Special meals	-	-
Other	-	-
Total	$ 75,170	$ 13,530

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Symphony Association, Inc. (the "Association"), a nonprofit organization, 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 December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 30, 2019

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Board of Directors
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Louisiana Symphony Association, Inc. (a nonprofit organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Association's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No findings**

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes. - **No findings**

   c) ***Disbursements***, including processing, reviewing, and approving - **No findings**

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Finding - The financial policies and procedures do not specifically address a process to identify completeness of collections.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. - **No findings**

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Finding - The financial policies and procedures do not address types of services requiring written contracts, standard terms and conditions, legal review, or approval and monitoring processes.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases) - **No findings**

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers - **No findings**

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. - **Not Applicable**

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not Applicable**

k) ***Disaster Recovery/Business Continuity,*** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Finding - The financial policies and procedures do not address information regarding backups, storing, or reviewing backups, nor do they address information regarding antivirus software, software updates, or recovery operations.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged); - **No findings**

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); - **No findings**

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. - **No findings**

Collections (excluding EFTs)

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). - **No findings**

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

Finding - Employees may share a cash drawer at certain times during certain events.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Finding - The employee responsible for preparing and making bank deposits may also collect cash at certain times at certain events.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. - **No findings**

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding - The financial policies and procedures do not include a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the collection locations selected.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Finding - Employees with access to cash are not bonded.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered. - **No findings**

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. - **No findings**

   c) Trace the deposit slip total to the actual deposit per the bank statement. - **No findings**

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

      Finding - One deposit was made more than one business day of receipt but within one week of receipt.

   e) Trace the actual deposit per the bank statement to the general ledger. - **No findings**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 30, 2019

December 30, 2019

Hannis T. Bourgeois, LLP
2322 Tredmont Dr.
Baton Rouge, LA 70809

RE: Response to Louisiana Symphony Association 2018-19 LA AUP's

The Louisiana Symphony Association respectfully submits its response to the LA AUP's conducted by Hannis T. Bourgeois, LLP for the 2018-2019 fiscal year. On the following pages, the Louisiana Symphony Association has responded to each recommendation in the report and agrees with all findings. A response on how the Louisiana Symphony Association plans to move forward is also included.

The Louisiana Symphony Association would like to thank Hannis T. Bourgeois, LLP and the staff assigned to this audit with regard to their courtesy and professionalism exhibited during the audit.

Sincerely,

Eric Marshall

Eric Marshall
Executive Director

Finding 1:
Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Finding - The financial policies and procedures do not specifically address a process to identify completeness of collections.

Response - The organization will revise the policies and procedures to notate the procedure being conducted on a daily basis by employees of Louisiana Symphony Association, Inc and Jerrett Richter, CPA, LLC.

Finding 2:
Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Finding - The financial policies and procedures do not address types of services requiring written contracts, standard terms and conditions, legal review, or approval and monitoring processes.

Response - The organization will revise the policies and procedures to notate the procedure being conducted on a daily basis by employees of Louisiana Symphony Association, Inc and Jerrett Richter, CPA, LLC.

Finding 3:
Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Finding - The financial policies and procedures do not address information regarding backups, storing, or reviewing backups, nor do they address information regarding antivirus software, software updates, or recovery operations.

Response - The organization will revise the policies and procedures to notate the procedure being acted conducted on a daily basis by employees of Louisiana Symphony Association, Inc and/or Jerrett Richter, CPA, LLC.

Finding 4:
Employees that are responsible for cash collections do not share cash drawers/registers.

Finding - Employees may share a cash drawer at certain times during certain events.

Response - The organization will give consideration to addition of fidelity bonds for any personnel in contact with cash as further mitigation. Personnel working for Jerrett Richter, CPA, LLC are currently insured for this practice, however, Louisiana Symphony Association, Inc will need to add this coverage line to serve as a risk mitigation tool.

Finding 5:
Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Finding - The employee responsible for preparing and making bank deposits may also collect cash at certain times at certain events.

Response - The organization attempted to mitigate this control weakness for the 2018-2019 fiscal period by having development personnel deposit box office checks and vice versa, however, with a small amount of personnel onsite, division of duties inherently remains difficult.

Finding 6:
The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding - The financial policies and procedures do not include a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the collection locations selected.

Response - The organization will revise the policies and procedures to notate the procedure being acted conducted on a daily basis by employees of Louisiana Symphony Association, Inc and/or Jerrett Richter, CPA, LLC.

Finding 7:
Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding - Employees with access to cash are not bonded.

Response - The organization will give consideration to addition of fidelity bonds for any personnel in contact with cash as further mitigation. Personnel working for Jerrett Richter, CPA, LLC are currently insured for this practice, however, Louisiana Symphony Association, Inc will need to add this coverage line.

Finding 8:
Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

Finding - One deposit was made more than one business day of receipt but within one week of receipt.

Response - The organization will reinforce deposit procedures with staff and rigorously monitor to ensure procedures are being folllowed.