

Shreveport Symphony, Inc.
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019



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June 30, 2019

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REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Shreveport Symphony, Inc.
Shreveport, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shreveport Symphony, Inc. (a nonprofit corporation) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Symphony, Inc. 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 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958)*; this new standard requires changes to be made in how net assets are classified based on Donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and functional expenses on pages 23 through 26 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and functional expenses of the individual organizations, and it is not a required part of the consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes ("LRS") 24:513(A)(3) on page 27 for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

December 30, 2019



FINANCIAL STATEMENTS

Shreveport Symphony, Inc.
Consolidated Statement of Financial Position

June 30,

2019

Assets

Current assets

Cash	\$	280,529
Accounts receivable, net of allowance for doubtful accounts of \$0		37,380
Prepaid expenses		1,170

Total current assets		319,079
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Property and equipment, net		66,196
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Restricted assets

Cash		3,773
Investments		408,839
Beneficial interest in assets of foundation		227,839

Total restricted assets		640,451
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Total assets	\$	1,025,726
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Liabilities

Current liabilities

Accounts payable	\$	26,396
Accrued expenses		5,439
Deferred income		234,067

Total current liabilities		265,902
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Net assets

Without donor restrictions		315,443
With donor restrictions		444,381

Total net assets		759,824
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Total liabilities and net assets	\$	1,025,726
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The accompanying notes are an integral part of these consolidated financial statements.

Shreveport Symphony, Inc.
Consolidated Statement of Activities

<i>For the Year Ended June 30, 2019</i>	Without donor restrictions	With donor restrictions	Totals
Revenue, Gains, and Other Support			
Support and contributions			
Contributions and sponsorships	\$ 763,770	\$ -	\$ 763,770
Grant income	111,590	-	111,590
In-kind contributions	525	-	525
Other revenue			
Performance fees	324,858	-	324,858
Contract fees	108,376	-	108,376
Advertising fees	23,225	-	23,225
Other	35	-	35
Investment income, net	10,176	523	10,699
Net realized and unrealized gain on investments	21,865	7,762	29,627
Total	1,364,420	8,285	1,372,705
Net assets released from restrictions	8,274	(8,274)	-
Total revenue, gains, and other support	1,372,694	11	1,372,705
Expenses			
Program Services	908,563	-	908,563
Support Services	462,108	-	462,108
Total expenses	1,370,671	-	1,370,671
Change in net assets	2,023	11	2,034
Net assets, beginning of year	313,420	444,370	757,790
Net assets, end of year	\$ 315,443	\$ 444,381	\$ 759,824

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

Shreveport Symphony, Inc.
Consolidated Statement of Functional Expenses

	Program Services			Supporting Services				Total Expenses
	Concert Production	Educational Activities	Total Program Services	Development and Fundraising	Marketing and Public Relations	Music Administration, Management and General	Total Supporting Services	
<i>For the Year Ended June 30, 2019</i>								
Payroll and related benefits	\$ 611,544	\$ 17,136	\$ 628,680	\$ 43,348	\$ 38,557	\$ 200,541	\$ 282,446	\$ 911,126
Advertising	-	-	-	-	44,371	-	44,371	44,371
Bank fees	-	-	-	-	-	2,229	2,229	2,229
Contract labor	99,500	-	99,500	-	-	-	-	99,500
Depreciation	-	-	-	-	-	5,225	5,225	5,225
Fundraising	-	-	-	33,577	-	-	33,577	33,577
Insurance	-	-	-	-	-	18,795	18,795	18,795
Licenses and fees	-	-	-	-	-	6,876	6,876	6,876
Occupancy	-	-	-	-	-	3,323	3,323	3,323
Postage and delivery	7,670	300	7,970	3,280	3,738	1,003	8,021	15,991
Printing and reproduction	13,153	-	13,153	1,179	-	1,690	2,869	16,022
Concert production	69,002	-	69,002	-	3,181	-	3,181	72,183
Professional and contract fees	-	-	-	-	-	31,913	31,913	31,913
Travel	88,987	-	88,987	1,457	-	64	1,521	90,508
Utilities	-	-	-	-	-	5,716	5,716	5,716
Office supplies and equipment	-	55	55	-	267	7,428	7,695	7,750
Other	1,173	43	1,216	3,328	165	857	4,350	5,566
Total Functional Expenses	\$ 891,029	\$ 17,534	\$ 908,563	\$ 86,169	\$ 90,279	\$ 285,660	\$ 462,108	\$ 1,370,671

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

Shreveport Symphony, Inc.
Consolidated Statement of Cash Flows

<i>For the Year Ended June 30,</i>	2019
Cash flows from operating activities	
Change in net assets	\$ 2,034
Adjustments to reconcile change in net assets to cash used in operating activities	
Depreciation	5,225
Net realized and unrealized gains on investments	(21,866)
Noncash contributions of stock	(6,635)
Changes in operating assets and liabilities	
Decrease (increase) in	
Increase in accounts receivable, net	(20,223)
Decrease in prepaid expenses	748
Increase (decrease) in	
Increase in accounts payable	25,234
Increase in accrued payroll and taxes	11
Increase in deferred income	8,874
Net cash used in operating activities	(6,598)
Cash flows from investing activities	
Net change in restricted cash	1,757
Change in beneficial interest in assets of foundation	(11)
Purchase of investments	(145,460)
Proceeds from sale of investments	166,186
Net payments on lines of credit	(11,961)
Net cash provided by investing activities	10,511
Net increase in cash	3,913
Cash - beginning	276,616
Cash - ending	\$ 280,529
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$ 300
Noncash contributions of stock	\$ 6,635

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

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 1: NATURE OF ORGANIZATION

Organization

Shreveport Symphony, Inc. (the “Symphony”) is a nonprofit corporation formed under the laws of the State of Louisiana in 1948. The Symphony is an organization dedicated to promoting, supporting, and providing musical events and programming of the highest possible quality in the Shreveport – Bossier area. The Symphony encourages the development and growth of other arts organizations and individuals in order to enhance the quality of life and to develop a cultural identity for the area.

These financial statements include the Shreveport Symphony Orchestra Foundation (the “Foundation”), a 501(c)(3) corporation that is a supporting organization to the Symphony and therefore is consolidated in these statements with the Symphony. The Foundation was formed March 14, 1990, and is governed by a Board of Directors. The Board is made up of the Symphony’s executive committee and two (2) additional directors that may or may not be members of the Symphony board. The Board will serve terms in office consistent with their terms in office with the Symphony with the exception of the two additional Board members not part of the Symphony’s Executive Committee who will serve two (2) year terms and may be re-elected without term limits.

Nature of Activities

The Symphony’s major sources of revenue are ticket sales and membership fees, sponsorships, and individual and corporate contributions.

The Symphony's musicians are organized under a collective bargaining agreement between the Symphony and Local 116, American Federation of Musicians.

The Symphony includes the following program and support activities:

Programs:

Concert Production - Includes the expenses necessary to produce the concerts that the Symphony performs.

Educational Activities - Includes the musician and staff expenses to present educational activities related to classical music and composers to over 10,000 school children per year.

Support Activities:

Music Administration, Management and General - Includes the expenses required to maintain the core musician staff and the music library.

Marketing and Public Relations - Encompasses the identification, cultivation and expansion of the Symphony's audience as the primary effort to promote the enjoyment of classical music and to increase public involvement in the Symphony's activities.



Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 1: NATURE OF ORGANIZATION (Continued)

Development and Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations, as well as efforts to obtain state and local government funding.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the financial position and the results of activities for the Symphony and the Foundation. All significant intercompany transactions have been eliminated in these consolidated financial statements.

Basis of Accounting

The accounting policies of the Symphony conform to accounting principles generally accepted in the United States of America, and reflect practices appropriate to the industry in which it operates. The Symphony prepares its consolidated financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies of the Symphony are described below.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. A policy footnote follows on the Symphony's method of reporting net assets with donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the contribution or the promise is received. Conditional promises to give are not recognized until the promises become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income and realized and unrealized net gains on investments of endowment and similar funds are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of a permanent endowment fund or if the terms of the gift impose restrictions on the use of the income;
- as increases in net assets without donor restrictions in all other cases.

Financial Statement Presentation

The Symphony has adopted the requirements of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958-205 and subsections, *Not-for-Profit Entities*. In the year ending June 30, 2019, the Symphony adopted Financial Accounting Standards Update (“ASU”) 2016-14 which is effective for the year ended June 30, 2019. Under FASB ASC 958-205 and the ASU, the Symphony is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets which are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Symphony and/or the passage of time.

Cash and Cash Equivalents

The Symphony considers all highly liquid investments with a remaining maturity at date of purchase of three months or less to be cash equivalents. The Symphony had no cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Symphony to concentrations of credit risk consist principally of temporary cash investments, endowment investments, and accounts receivable. The Symphony maintains its temporary cash balances at several financial institutions located in Shreveport, Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of June 30, 2019, the Symphony had \$57,712 in uninsured cash deposits.



Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Symphony maintains its endowment investments with various investment companies. Accounts at these investment companies are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 (including cash claims up to \$250,000). As of June 30, 2019, the Symphony's basis in endowment investments was within the insured range. Concentrations of credit risk with respect to accounts receivable are limited due to the number of contributors comprising the Symphony's contributor base and their dispersion across different industries.

Accounts Receivable

The Symphony has extended credit to its donors, advertisers and patrons on an unsecured basis.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of collectability in light of historical experience, the nature and type of account, adverse situations that may affect the payor's ability to repay and economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Receivables deemed uncollectible are charged off against the allowance when management believes the uncollectibility is confirmed.

Restricted and Unrestricted Revenue and Support

In accordance with FASB ASC Topic 958, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor.

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 restrictions. When a restriction expires (that is, when a stipulated time restriction or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statement of Activities as “net assets released from restrictions”.

Funds Functioning as Endowment

The Symphony and Foundation have designated funds for which the income earned on these funds is designated for specific uses. Because there is no donor-imposed restriction, these funds are classified as net assets without donor restrictions; however, the Foundation restricts the use of the funds in the same manner as a donor would by creating an endowment.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Assets purchased are recorded at cost and depreciated using the straight-line method over the estimated useful life, which range from five to twenty years. The Symphony generally capitalizes expenditures for buildings, furniture, fixtures and equipment in excess of \$250. Donated assets are recorded at their estimated fair value at the date of donation and are depreciated using the same method as assets purchased.

Public Support

All contributions are considered to be increases to net assets without donor restrictions, unless specifically restricted by the donor.

Donated Services

Donated property and non-cash donations are recorded as contributions at their estimated fair market value at the date of donation.

Contributed services are recognized if the services require specialized skills and the Symphony would be required to purchase these services if donated services were not available.

Federal Income Tax

Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, the Symphony is exempt from income taxes, except from unrelated business income. There were no unrelated business activities for the year ended June 30, 2019; accordingly, no tax expense was incurred for the year ended June 30, 2019. The Symphony believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Use of Estimates

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



Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Assets of Foundation

Funds transferred to the Community Foundation of North Louisiana that specify the Shreveport Symphony Orchestra Foundation as the beneficiary are accounted for as an asset, in accordance with generally accepted accounting principles, and presented in the Consolidated Statement of Financial Position with the caption "Beneficial Interest in Assets of Foundation."

Retirement Obligations

The employees of the Symphony are members of the Social Security System. There are no other retirement plans available through the Symphony. The Symphony contributes to the Local 116, American Federation of Musicians Pension Fund, in accordance with the collective bargaining agreement, based on 5.45% of gross wages. Additionally, the Symphony contributes to the Local 298, IATSE Annuity Fund in accordance with the collective bargaining agreement. Contributions were based on 3% of gross wages through August 31, 2017 and 5% of gross wages beginning September 1, 2018.

Investments and Investment Income and Gains

The Symphony carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities. Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gain are recognized.

Deferred Revenue

Revenues from season ticket sales and concert sponsorships which have been received for the next Symphony season are recorded as deferred revenue. Deferred revenue amounted to \$234,067 for the year ended June 30, 2019.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred. The Symphony's advertising costs for the year ended June 30, 2019 were \$34,998, and are included in marketing expenses.

Compensated Absences

Employees of the Symphony earn one week of vacation after one year of service and two weeks of vacation after two or more years of service. They are required to use the vacation or forfeit it. Vacation time does not carry forward from one year to the next. There is no formal policy regarding sick leave, but sick leave is not allowed to be carried forward from one year to the next and is not paid upon termination of employment.

Recently Adopted Accounting Standards

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The Symphony has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Symphony's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).
- A summary of the net asset reclassification driven by the adoption of ASU 2016-14 changed the beginning net assets for the year ended June 30, 2019, follows:

	Total
As originally stated:	
Unrestricted	\$ 313,420
Temporarily Restricted	24,864
Permanently Restricted	419,506
Total beginning net assets, July 1, 2018	\$ 757,790
 As restated	
Without donor restrictions	\$ 313,420
With donor restrictions	444,370
Total beginning net assets, July 1, 2018	\$ 757,790

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance Not Yet Adopted

Accounting Standards Update 2014-09

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Symphony is currently evaluating the impact of the guidance on its financial statements.

Accounting Standards Update 2016-18

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Symphony is currently evaluating the impact of the guidance on its financial statements.

Accounting Standards Update 2018-08

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which an entity serves as a resource recipient for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Symphony is currently evaluating the impact of the guidance on its financial statements.

Date of Management Review

The Symphony has evaluated all subsequent events through December 30, 2019, the date which the consolidated financial statements were available to be issued, concluding there were no events requiring disclosure.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Symphony has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Cash and cash equivalents	\$ 280,529
Accounts receivable, net	37,380
Financial assets available within one year	\$ 317,909

The Symphony is primarily supported by contributions, grants and revenue from performances. As part of the Symphony's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the Symphony has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need. As discussed in more detail in Note 9, the Symphony maintains two lines of credit, of which \$278,154 was available as of June 30, 2019.

NOTE 4: INVESTMENTS

Investments at June 30, 2019, are composed of the following:

	Cost	Fair Value	Cumulative Unrealized Gain
Cash held for long-term investments	\$ 3,773	\$ 3,773	\$ -
Equities	183,681	216,811	33,130
Mutual funds	188,909	192,028	3,119
Totals	\$ 376,363	\$ 412,612	\$ 36,249

The following schedule summarizes investment return for the year ended June 30, 2019:

Dividend and interest income	\$ 17,779
Realized gain on investments	10,641
Unrealized gain on investments	18,986
Investment expenses	(7,080)
Total	\$ 40,326

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 5: SUMMARY OF FAIR VALUE EXPOSURE

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Symphony has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair Value Measurement defines fair value as an amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Symphony's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Symphony's financial assets and liabilities are not indicators of the risks associated with those instruments.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Cash held for long-term investments	\$ 3,773	\$ -	\$ -	\$ 3,773
Equities	216,811	-	-	216,811
Mutual Funds	192,028	-	-	192,028
Total investments	\$ 412,612	\$ -	\$ -	\$ 412,612

NOTE 6: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION

During the 2017 fiscal year, the Symphony established an endowment fund at the Community Foundation of North Louisiana (the "Community Foundation"). Under the terms of the agreement, variance power and legal ownership of the funds rest with the Community Foundation, and the Shreveport Symphony, Inc. is the beneficiary of the reciprocal transfer.

Net investment income and/or capital appreciation of the endowment fund at the Community Foundation must be distributed to the Symphony at least annually, provided the average market value is greater than the amount contributed to the fund.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 6: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION (Continued)

Activity of this beneficial interest is summarized as follows:

Beginning balance, June 30, 2018	\$ 227,828
Interest	2,591
Net realized and unrealized gains	7,762
Grants/scholarships	(8,274)
Administrative fees	(2,068)
Ending balance, June 30, 2019	\$ 227,839

NOTE 7: NET ASSETS

Net assets without donor restrictions consist of:

Undesignated	\$ (17,881)
Invested in property and equipment	66,196
Board designated endowment fund	267,128
Total net assets without donor restrictions	\$ 315,443

Net assets with donor restrictions are restricted for the following specified purposes:

Subject to time restrictions	
Beneficial interest in assets of foundation to be held in perpetuity	\$ 197,964
Accumulated earnings on beneficial interest in assets of foundation	24,875
Endowment fund to be held in perpetuity	221,542
Total net assets with donor restrictions	\$ 444,381

Net assets were released from donor restrictions during 2019 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

Expiration of time restrictions	
Distribution of beneficial interest in assets of foundation	\$ 8,274
Total net assets released from restrictions	\$ 8,274

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 8: PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2019, is as follows:

Buildings	\$ 53,907
Building improvements	40,536
Musical instruments	84,283
Concert production equipment	2,404
Computer software and equipment	4,153
Subtotal	185,283
Less accumulated depreciation	(119,087)
Total	\$ 66,196

Depreciation expense was \$5,225 for the year ended June 30, 2019.

NOTE 9: LINES OF CREDIT

The Symphony has the following revolving lines of credit as of June 30, 2019:

A revolving line of credit (“LOC”) in the name of the Shreveport Symphony, Inc. with a bank in the maximum amount of \$25,000, dated April 4, 2005 with interest at 6.25%, balance due as of June 30, 2019, is \$0.

A revolving line of credit in the name of the Shreveport Symphony Orchestra Foundation through the brokerage company in the maximum amount of \$253,154, dated July 2011, and bearing interest at variable rates determined by the type of advance. Variable rate advances bear interest at a variable rate equal to the LIBOR (London Interbank Offered Rate) plus the number of percentage points stated in the applicable notice or confirmation given by the lender. Fixed rate and term advances bear interest at a fixed rate agreed to by the borrower and lender. Variable rate advances and all accrued finance charges, fees and other charges are due and payable upon the earlier of demand or on the first business day of the month following the end of each billing cycle. Fixed rate advances with all accrued finance charges, fees and other charges are due and payable upon the earlier of demand or the last day of the fixed rate period. Term advances and all accrued finance charges are due and payable upon the earlier of demand or monthly, quarterly, semi-annually or annually as required by the lender. This line is secured by a pledge of the Foundation’s investment assets held by the brokerage company, \$412,154 as of June 30, 2019. As of June 30, 2019, the outstanding balance due is \$0. The interest rate as of June 30, 2019, is 6.27938%.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 10: ENDOWMENT FUND

As of June 30, 2019, the Foundation's funds include \$221,542 in donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment funds were restricted based on information obtained from the donors. As of June 30, 2019, the Foundation has net assets without donor restrictions, identified by the Foundation's board to be used for future investment and growth, which are included as net assets without donor restrictions of the Foundation. The board-designated funds were \$267,128 as of June 30, 2019.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 10: ENDOWMENT FUND (Continued)

Endowment assets will be invested in a well-diversified asset mix, which may include equity and debt securities, intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution an amount up to 4.0% of the market value of the Foundation's assets averaged for the previous five-year period, subject to donor-restricted endowments.

Changes in the endowment net assets carried in the Shreveport Symphony Orchestra Foundation for the year ended June 30, 2019, are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2018	\$ 262,303	\$ 221,542	\$ 483,845
Investment return, net	10,465	-	10,465
Other revenue	4,800	-	4,800
Realized and unrealized gain	21,170	-	21,170
Expenditures	(10,138)	-	(10,138)
Transfers	(21,472)	-	(21,472)
Endowment net assets, June 30, 2019	\$ 267,128	\$ 221,542	\$ 488,670

The following schedule summarizes the endowment net asset composition by type of fund as of June 30, 2019:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	\$ -	\$ 221,542	\$ 221,542
Board-designated funds	267,128	-	267,128
Total endowment funds	\$ 267,128	\$ 221,542	\$ 488,670

Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 11: UNION SPONSORED PENSION FUNDS

The Symphony participates in multiemployer defined benefit pension plans under the terms of collective bargaining agreements covering most of its union-represented employees. Governmental regulations impose certain requirements relative to union-sponsored pension plans. The risks of participation in these multiemployer plans are different than a single-employer plan in the following respects:

- Assets contributed to the plans by a company may be used to provide benefits to participants of other companies,
- If a participating employer discontinues contributions to the plans, other participating employers may have to cover any unfunded liability that may exist, and
- If the Symphony stops participating in a multiemployer pension plan, the Symphony may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Information with respect to the multiemployer plans providing pension benefits in which the Symphony participates is shown in the following table:

Name of Plan, Plan Number, and Employer ID Number	Certified Zone Status	Improvement or Rehabilitation Plan Pending / Implemented	Surcharge Paid	Expiration Date of Collective Bargaining Agreement
American Federation of Musicians and Employees' Pension Funds (AFM-EPF) Plan # 001 EIN # 51-6120204	Red	Rehabilitation Plan adopted April 15, 2010 and was subsequently restated on June 27, 2016. The trustees updated the plan in June 2018.	N/A	Local 116 – 6/30/2020 (Agreement for 7/1/2017 – 6/30/2020 signed July 31, 2017)
IATSE National Pension Plan Plan # 001 EIN # 13-1849172	Green	N/A	N/A	Local 298 – 8/31/2020 (Agreement for 9/1/2017- 8/31/2020 signed September 25, 2017)



Shreveport Symphony, Inc.
Notes to Consolidated Financial Statements

NOTE 11: UNION SPONSORED PENSION FUNDS (Continued)

The zone status is based on information that the Symphony received from the plan. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The “Improvement or Rehabilitation Plan Pended / Implemented” Column indicates plans for which a financial improvement or a rehabilitation plan is either pending or has been implemented.

Contributions to the plans included in “payroll and related benefits expense” for the year ended June 30, 2019, were \$14,141.

The Symphony has not received information from the plans’ administrators to determine its share of the vested benefits. The Symphony does not anticipate withdrawal from the plans, nor is the Symphony aware of any expected plan terminations.

Shreveport Symphony, Inc.
Consolidating Statement of Financial Position

<i>June 30, 2019</i>	Shreveport Symphony, Inc.	Shreveport Symphony Orchestra Foundation	Eliminations	Totals
Assets				
Current assets				
Cash	\$ 274,401	\$ 6,128	\$ -	\$ 280,529
Accounts receivable, net	37,380	-	-	37,380
Intercompany receivable	-	5,000	(5,000)	-
Prepaid expenses	1,170	-	-	1,170
Total current assets	312,951	11,128	(5,000)	319,079
Property and equipment, net	1,266	64,930	-	66,196
Restricted assets				
Cash	-	3,773	-	3,773
Investments	-	408,839	-	408,839
Beneficial interest in assets of foundation	227,839	-	-	227,839
Total restricted assets	227,839	412,612	-	640,451
Total assets	\$ 542,056	\$ 488,670	\$ (5,000)	\$ 1,025,726
Liabilities				
Current liabilities				
Accounts payable	\$ 26,396	\$ -	\$ -	\$ 26,396
Intercompany payable	5,000	-	(5,000)	-
Accrued expenses	5,439	-	-	5,439
Deferred income	234,067	-	-	234,067
Total current liabilities	270,902	-	(5,000)	265,902
Net assets				
Without donor restrictions	48,315	267,128	-	315,443
With donor restrictions	222,839	221,542	-	444,381
Total net assets	271,154	488,670	-	759,824
Total liabilities and net assets	\$ 542,056	\$ 488,670	\$ (5,000)	\$ 1,025,726

See Independent Auditors' Report.

Shreveport Symphony, Inc.
Consolidating Statement of Activities

<i>For the Year Ended June 30, 2019</i>	Shreveport Symphony, Inc.		Shreveport Symphony Orchestra Foundation		Eliminations	Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Revenue, Gains, and Other Support						
Support and contributions						
Contributions and sponsorships	\$ 763,770	\$ -	\$ -	\$ -	\$ -	\$ 763,770
Grant income	111,590	-	-	-	-	111,590
In-kind contributions	525	-	-	-	-	525
Other revenue						
Performance fees	324,858	-	-	-	-	324,858
Contract fees	108,376	-	-	-	-	108,376
Advertising fees	23,225	-	-	-	-	23,225
Other	35	-	4,800	-	(4,800)	35
Investment income, net	(289)	523	10,465	-	-	10,699
Net realized and unrealized gain on investments	695	7,762	21,170	-	-	29,627
Total	1,332,785	8,285	36,435	-	(4,800)	1,372,705
Net assets released from restrictions	8,274	(8,274)	-	-	-	-
Total revenue, gains, and other support	1,341,059	11	36,435	-	(4,800)	1,372,705

(Continued)

See Independent Auditors' Report.

Shreveport Symphony, Inc.
Consolidating Statement of Activities

<i>For the Year Ended June 30, 2019</i>	Shreveport Symphony, Inc.		Shreveport Symphony Orchestra Foundation		Eliminations	Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Expenses						
Program services	908,563	-	-	-	-	908,563
Support services	456,770	-	10,138	-	(4,800)	462,108
Total expenses	1,365,333	-	10,138	-	(4,800)	1,370,671
Net income before transfers in (out)	(24,274)	11	26,297	-	-	2,034
Transfers in (out)	21,472	-	(21,472)	-	-	-
Change in net assets	(2,802)	11	4,825	-	-	2,034
Net assets, beginning of year	51,117	222,828	262,303	221,542	-	757,790
Net assets, end of year	\$ 48,315	\$ 222,839	\$ 267,128	\$ 221,542	\$ -	\$ 759,824

See Independent Auditors' Report.

Shreveport Symphony, Inc.
Consolidating Statement of Functional Expenses

	Shreveport Symphony, Inc.						Shreveport Symphony Orchestra Foundation		Total Expenses
	Program Services		Supporting Services				Supporting Services		
	Concert Production	Educational Activities	Development and Fundraising	Marketing and Public Relations	Music Administration, Management and General	Music Administration, Management and General	Eliminations		
<i>For the Year Ended June 30, 2019</i>									
Payroll and related benefits	\$ 611,544	\$ 17,136	\$ 43,348	\$ 38,557	\$ 200,541	\$ -	\$ -	\$ 911,126	
Advertising	-	-	-	44,371	-	-	-	44,371	
Bank fees	-	-	-	-	2,229	-	-	2,229	
Contract labor	99,500	-	-	-	-	-	-	99,500	
Depreciation	-	-	-	-	503	4,722	-	5,225	
Fundraising	-	-	33,577	-	-	-	-	33,577	
Insurance	-	-	-	-	18,795	-	-	18,795	
Licenses and fees	-	-	-	-	6,876	-	-	6,876	
Occupancy	-	-	-	-	8,123	-	(4,800)	3,323	
Postage and delivery	7,670	300	3,280	3,738	1,003	-	-	15,991	
Printing and reproduction	13,153	-	1,179	-	1,690	-	-	16,022	
Concert production	69,002	-	-	3,181	-	-	-	72,183	
Professional and contract fees	-	-	-	-	26,553	5,360	-	31,913	
Travel	88,987	-	1,457	-	64	-	-	90,508	
Utilities	-	-	-	-	5,716	-	-	5,716	
Office supplies and equipment	-	55	-	267	7,428	-	-	7,750	
Other	1,173	43	3,328	165	801	56	-	5,566	
Total Functional Expenses	\$ 891,029	\$ 17,534	\$ 86,169	\$ 90,279	\$ 280,322	\$ 10,138	\$ (4,800)	\$ 1,370,671	

See Independent Auditors' Report.

Shreveport Symphony, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head Name: Lois Robinson, Executive Director

Purpose	Amount*
Salary	\$ -
Performance bonuses	\$ -
Benefits-insurance	\$ -
Benefits-retirement	\$ -
Deferred compensation (contributions made by the agency)	\$ -
Car allowance	\$ -
Vehicle provided by government	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem	\$ -
Miscellaneous reimbursements	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Conference travel (hotel expense)	\$ -
Unvouchered expenses (example: travel advances, etc.)	\$ -
Special meals	\$ -
Other (including payments made by other parties on behalf of the agency head)	\$ -

* The Agency Head does not receive compensation, benefits, and other payments that are derived from public funds.



**Shreveport Symphony, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Current Year Findings

None

Prior Year Findings

None