

GREATER NEW ORLEANS YOUTH ORCHESTRA

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

JUNE 30, 2019

GREATER NEW ORLEANS YOUTH ORCHESTRA

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A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater New Orleans Youth Orchestra

Report on the Financial Statements

We have audited the accompanying financial statements of Greater New Orleans Youth Orchestra (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans Youth Orchestra as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A13 to the financial statements, Greater New Orleans Youth Orchestra adopted Accounting Standards Update No. 2016-14 in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Greater New Orleans Youth Orchestra's 2018 financial statements, and our report dated November 12, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters
Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying summary of compensation, benefits, and other payments to agency heads is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of Greater New Orleans Youth Orchestra's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater New Orleans Youth Orchestra's internal control over financial reporting and compliance.



New Orleans, Louisiana
October 28, 2019

GREATER NEW ORLEANS YOUTH ORCHESTRA

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

		SUMMARIZED COMPARATIVE INFORMATION <u>June 30, 2018</u>
Current Assets		
Cash	\$ 7,753	\$ 8,203
Accounts receivable, less allowance for doubtful accounts of \$13,225 (Note A5)	<u>2,594</u>	<u>978</u>
Total current assets	<u>10,347</u>	<u>9,181</u>
Property and equipment-at cost (Notes A6 and B)	-	45
Other Assets		
Investments – restricted for endowments (Note C)	<u>103,236</u>	<u>103,022</u>
Total assets	<u>\$ 113,583</u>	<u>\$ 112,248</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Notes payable – line of credit (Note D)	\$ 47,000	\$ 43,115
Accounts payable and accrued liabilities	<u>34,543</u>	<u>19,348</u>
Total current liabilities	<u>81,543</u>	<u>62,463</u>
Commitment (Note E)	<u>-</u>	<u>-</u>
Total liabilities	81,543	62,463
Net assets		
Without donor restrictions	< 66,000 >	< 47,951 >
With donor restrictions (Note F)	<u>98,040</u>	<u>97,736</u>
Total net assets	<u>32,040</u>	<u>49,785</u>
Total liabilities and net assets	<u>\$ 113,583</u>	<u>\$ 112,248</u>

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

GREATER NEW ORLEANS YOUTH ORCHESTRA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION</u> For the year ended <u>June 30, 2018</u>
REVENUE				
Contributions and grants	\$ 9,984	\$ 85,584	\$ 95,568	\$ 93,627
Earned Income	109,523	-	109,523	107,655
Investment income (Note C)	-	4,211	4,211	7,695
Other	10	-	10	-
In-kind support (Note A9)	5,500	-	5,500	5,500
Net assets released from restrictions	<u>89,491</u>	<u>< 89,491 ></u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>214,508</u>	<u>304</u>	<u>214,812</u>	<u>214,477</u>
EXPENSES				
Salaries	125,557	-	125,557	132,743
Fringe benefits	7,520	-	7,520	8,242
Professional services	19,610	-	19,610	15,100
Orchestra program costs	33,055	-	33,055	45,994
Occupancy	20,665	-	20,665	15,588
Supplies	3,420	-	3,420	2,154
Equipment expense	2,662	-	2,662	2,907
Printing	4,071	-	4,071	2,735
Marketing	5,457	-	5,457	3,968
Other costs	<u>10,540</u>	<u>-</u>	<u>10,540</u>	<u>7,315</u>
TOTAL EXPENSES	<u>232,557</u>	<u>-</u>	<u>232,557</u>	<u>236,746</u>
Changes in net assets	< 18,049 >	304	< 17,745 >	< 22,269 >
Net assets, beginning of year	<u>< 47,951 ></u>	<u>97,736</u>	<u>49,785</u>	<u>72,054</u>
Net assets, end of year	<u>\$ < 66,000 ></u>	<u>\$ 98,040</u>	<u>\$ 32,040</u>	<u>\$ 49,785</u>

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

GREATER NEW ORLEANS YOUTH ORCHESTRA

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

**SUMMARIZED
COMPARATIVE
INFORMATION
For the year ended
June 30, 2018**

Cash flows from operating activities:		
Change in net assets	\$ < 17,745>	\$ < 22,269>
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	45	92
Allowance for doubtful accounts	225	13,000
Unrealized <appreciation> depreciation of investment securities	< 934>	< 4,273>
Gain on sale of securities	< 3,315>	< 3,429>
Changes in assets and liabilities:		
<Increase> decrease in accounts receivable	< 1,841>	< 13,108>
Increase <decrease> in accounts payable and accrued liabilities	<u>15,195</u>	<u>1,984</u>
Net cash provided by <used in> operating activities	<u>< 8,370></u>	<u>< 28,003></u>
Cash flows from investing activities:		
Proceeds from sale of securities	4,809	7,358
Purchase of investment securities	<u>< 774></u>	<u>< 3,413></u>
Net cash provided by <used in> investing activities	<u>4,035</u>	<u>3,945</u>
Cash flows from financing activities:		
Proceeds from note payable	7,400	14,569
Principal payments of note payable	<u>< 3,515></u>	<u>-</u>
Net cash provided by <used in> financing activities	<u>3,885</u>	<u>14,569</u>
Net increase <decrease> in cash and cash equivalents	< 450>	< 9,489>
Cash and cash equivalents, beginning of year	<u>8,203</u>	<u>17,692</u>
Cash and cash equivalents, end of year	<u>\$ 7,753</u>	<u>\$ 8,203</u>
Cash flow information		
Interest paid	<u>\$ 5,010</u>	<u>\$ 2,596</u>

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

GREATER NEW ORLEANS YOUTH ORCHESTRA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. **Nature of Activities**

Greater New Orleans Youth Orchestra (GNOYO) is a non-profit entity formed in February 1996 to provide the youth of the metropolitan New Orleans area an opportunity to participate in a high-quality full orchestra program.

2. **Financial Statement Presentation**

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 updated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity

3. **Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Contributions - Continued

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

4. Investments

Investments are presented in accordance with requirements established by FASB ASC 320. Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses

5. Receivables

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

The allowance for uncollectible accounts was \$ 13,225 at June 30, 2019.

6. Property and equipment

GNOYO records property acquisitions at cost. Donated assets are recorded at estimated value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The depreciation expense for the year ended June 30, 2019 totaled \$45.

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

7. Estimates

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

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Cash Equivalents

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

9. In-Kind Support

Donated services, facility usage and materials, if significant in amount, are recorded as contributions at their estimated fair market value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. The GNOYO recorded an amount for donated facility usage, both revenues and expenses, of \$5,500 for the year ended June 30, 2019.

10. Fair Values of Financial Instruments

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

11. Functional Allocation of Expenses

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

12. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (October 28, 2019).

13. New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Greater New Orleans Youth Orchestra has adjusted the presentation of these statements accordingly.

14. Summarized Comparative Information

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

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment of June 30, 2019 consists of the following:

Musical instruments	\$ 43,895
Office equipment	<u>4,703</u>
Less accumulated depreciation	48,598
	<u>< 48,598 ></u>
	<u>\$ -0-</u>

NOTE C – INVESTMENT SECURITIES – RESTRICTED FOR ENDOWMENTS

Investment securities at June 30, 2019 consist of the following:

	<u>Fair Value</u>	<u>Cost</u>
Investments Securities - Greater New Orleans Foundation	<u>\$ 103,236</u>	<u>\$ 63,422</u>

The unrealized appreciation for the year ended June 30, 2019 totaled \$934. The unrealized appreciation as of June 30, 2019 totaled \$39,814.

The investment income at June 30, 2019 consists of the following:

Interest and dividends	\$ 775
Gain on sale of securities	3,315
Unrealized appreciation of investment securities	<u>934</u>
	5,024
Less: custodian fees	<u>< 813 ></u>
	<u>\$ 4,211</u>

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE D – NOTE PAYABLE

Note Payable at June 30, 2019 consists of the following:

The corporation has a \$50,000 revolving line of credit with a financial institution due November 17, 2022, with an interest rate of 8.5%. The note payable is secured by all accounts and intangibles of the corporation. \$ 47,000

The interest expense for the year ended June 30, 2019 totaled \$5,010.

NOTE E - COMMITMENT

The corporation leases its administrative facility under an operating lease which expires December 31, 2019. The rental expense for the year ended June 30, 2019 totaled \$12,000.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 consist of the following:

Investment earnings - Endowment	\$ 41,845
Haitian Youth Relief Music Project	4,804
Endowment Fund	<u>51,391</u>
	<u>\$ 98,040</u>

NOTE G - INCOME TAXES

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

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

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE H - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 820), *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments and unconditional promises to give are recorded at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 in 2018. If such transfers were to occur, they would be recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve impairment accounting or donated property and equipment. There were no nonrecurring fair value adjustments in 2019. Financial instruments within the scope of FASB ASC 820 are included in the table below.

	<u>Fair Value Measurement of Reporting Date</u>		
	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investment securities - endowment fund	<u>\$ 103,236</u>	<u>\$ -</u>	<u>\$ 103,236</u> <u>\$ -</u>

The assumptions to estimate fair values are as follows:

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

NOTE I - PENSION PLAN

In 2004, a Simple IRA plan was adopted. Employees who have received \$5,000 compensation in both the prior and current year are eligible to participate. Under the plan, the GNOYO is required to make either a matching contribution equal to the amount of the employee's elective deferral not to exceed three percent but not less than one percent of the contributing employee's compensation or the GNOYO may make a non-elective contribution to the plan of two percent of compensation of each eligible participant. The GNOYO contribution to the plan for the year ended June 30, 2019, totaled \$460.

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE J – CONCENTRATION OF CREDIT RISK

GYOYO maintains cash in financial institutions which are insured by the Federal Deposit Insurance Corporation. As of June 30, 2019, the cash balances were adequately insured.

NOTE K - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2019.

NOTE L – ADVERTISING EXPENSE

Advertising costs are expensed in the year incurred. Advertising expense for the year ended June 30, 2019 totaled \$3,725.

NOTE M - ENDOWMENT FUND

The Endowment Fund is a fund established by various supporters of the GNOYO who raised funds to receive additional grant funds through a fundraising challenge. As part of the challenge agreement, the Endowment Fund has been invested with the Greater New Orleans Foundation (Foundation), which has been authorized to accept additional contributions and invest the funds according to the Foundation's investment policy. Net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions. The Foundation, through its Board of Trustees, has the right to make distributions from the Endowment Fund to accomplish the philanthropic intent of the donors. The donors have designated the GNOYO as the beneficiary of all grants from the Endowment Fund. Distributions of \$3,996 were made during the year ended June 30, 2019.

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

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past twelve quarters, and a percentage of the average of those values is made available for grants. This method puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage of 2019 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE M - ENDOWMENT FUND – CONTINUED

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

The changes in endowment net assets for the year ended June 30, 2019 are as follows:

	<u>Board</u>			
	<u>Designated</u>	<u>Earnings</u>	<u>Principal</u>	<u>Total</u>
Net assets, July 1, 2018	\$ 10,000	\$ 41,631	\$ 51,391	\$ 103,022
Earnings on investments	-	5,023	-	5,023
Contributions	-	-	-	-
Distributions	-	< 4,809 >	-	< 4,809 >
Net assets, July 30, 2019	<u>\$ 10,000</u>	<u>\$ 41,845</u>	<u>\$ 51,391</u>	<u>\$ 103,236</u>

NOTE N - FUNCTIONAL EXPENSES

The functional expenses for the year ended June 30, 2019 are as follows:

	<u>PROGRAM SERVICES</u>	<u>SUPPORTIVE SERVICES</u>	
	<u>Youth Orchestra</u>	<u>Management and General</u>	<u>TOTAL</u>
Salaries	\$ 109,957	\$ 15,600	\$ 125,557
Fringe benefits	6,196	1,324	7,520
Professional services	-	19,610	19,610
Orchestra program costs	33,055	-	33,055
Occupancy	5,500	15,165	20,665
Supplies	1,625	1,795	3,420
Equipment expense	-	2,662	2,662
Printing	-	4,071	4,071
Marketing	1,732	3,725	5,457
Other costs	60	10,480	10,540
	<u>\$ 158,125</u>	<u>\$ 74,432</u>	<u>\$ 232,557</u>

GREATER NEW ORLEANS YOUTH ORCHESTRA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE O – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Greater New Orleans Youth Orchestra maintains operating revenue for general expenditures. The current financial assets totaling \$10,347 at June 30, 2019 are available for general expenditures, that is, without donor or other restrictions limiting their use.

As part of Greater New Orleans Youth Orchestra's liquidity management, it primarily maintains its current assets in cash and cash equivalents, and receivables.

SUPPLEMENTAL INFORMATION

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

For the year ended June 30, 2019

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

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

Justin J. Scanlan, C.P.A., L.L.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

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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*

Board of Directors
Greater New Orleans Youth Orchestra

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater New Orleans Youth Orchestra (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans Youth Orchestra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
October 28, 2019

GREATER NEW ORLEANS YOUTH ORCHESTRA

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expressed an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were noted.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

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

C. MANAGEMENT LETTER

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