
LOUISIANA SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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LOUISIANA SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Louisiana Symphony Association
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Symphony Association (a not-for-profit organization) (the Association) which comprise the statements of financial position as of June 30, 2018 and 2017, and the statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Symphony Association as of June 30, 2018 and 2017, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the Louisiana Symphony Association's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 19, 2018

**LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and equivalents	\$ -	\$ -
Restricted cash	141,545	62,926
Investments - restricted	148,407	156,609
Receivables - unconditional promises to give	30,625	88,351
Receivables - other	253,796	18,128
Prepaid expenses and other assets	8,844	23,486
Total current assets	583,217	349,500
<u>ENDOWMENT INVESTMENTS</u>	375,000	375,000
<u>BENEFICIAL INTEREST IN BR SYMPHONY LEAGUE</u>	34,248	79,926
<u>LONG-TERM PORTION OF UNCONDITIONAL PROMISES TO GIVE</u>	55,200	26,500
<u>PROPERTY AND EQUIPMENT, NET</u>	53,002	61,002
Total assets	\$ 1,100,667	\$ 891,928

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 113,161	\$ 144,698
Outstanding checks in excess of bank balance	24,120	25,668
Lines of credit	150,000	163,681
Accrued expenses	16,698	12,017
Deferred revenues	-	180,050
Total liabilities	303,979	526,114
<u>NON-CURRENT LIABILITIES</u>		
Long-term lines of credit	217,857	150,000
	217,857	150,000
<u>NET ASSETS</u>		
Unrestricted	(253,053)	(587,582)
Temporarily restricted	456,884	428,396
Permanently restricted	375,000	375,000
Total net assets	578,831	215,814
Total liabilities and net assets	\$ 1,100,667	\$ 891,928

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

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>SUPPORT AND REVENUE</u>				
Contributions				
Individual	\$ 195,506	\$ 113,554	\$ -	\$ 309,060
Corporate	122,345	15,000	-	137,345
Foundations	245,486	5,000	-	250,486
Board Members	112,259	38,500	-	150,759
League	60,000	-	-	60,000
Special Events	37,951	-	-	37,951
Government Grants	110,597	-	-	110,597
Program Service Fees				
Subscriptions	180,679	-	-	180,679
Single Ticket Sales	307,198	-	-	307,198
Custom Hire/Fees for Service	48,400	-	-	48,400
Merchandise	124	-	-	124
Tuition and Dues	37,874	-	-	37,874
Endowment - investment earnings	-	37,368	-	37,368
Investment Income	-	149	-	149
In Kind	124,619	-	-	124,619
Tax Credit	247,959	-	-	247,959
Change in beneficial interest in League	(45,678)	-	-	(45,678)
Total support and revenue	<u>1,785,319</u>	<u>209,571</u>	<u>-</u>	<u>1,994,890</u>
Net assets released from restriction	<u>181,083</u>	<u>(181,083)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,966,402</u>	<u>28,488</u>	<u>-</u>	<u>1,994,890</u>
<u>EXPENSES</u>				
Program expenses	1,023,271	-	-	1,023,271
Marketing	173,629	-	-	173,629
Development	89,869	-	-	89,869
General and administrative expenses	345,104	-	-	345,104
Total expenses	<u>1,631,873</u>	<u>-</u>	<u>-</u>	<u>1,631,873</u>
CHANGE IN NET ASSETS	334,529	28,488	-	363,017
<u>NET ASSETS</u>				
Beginning of year	<u>(587,582)</u>	<u>428,396</u>	<u>375,000</u>	<u>215,814</u>
End of year	<u>\$ (253,053)</u>	<u>\$ 456,884</u>	<u>\$ 375,000</u>	<u>\$ 578,831</u>

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

2017

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 134,364	\$ 44,500	\$ -	\$ 178,864
137,885	-	-	137,885
165,245	-	-	165,245
76,695	-	-	76,695
74,100	-	-	74,100
62,013	-	-	62,013
129,303	-	-	129,303
221,082	-	-	221,082
325,405	-	-	325,405
98,200	-	-	98,200
236	-	-	236
41,325	-	-	41,325
-	52,325	-	52,325
-	-	-	-
111,590	-	-	111,590
1,170	-	-	1,170
(13,685)	-	-	(13,685)
<u>1,564,928</u>	<u>96,825</u>	<u>-</u>	<u>1,661,753</u>
224,037	(224,037)	-	-
<u>1,788,965</u>	<u>(127,212)</u>	<u>-</u>	<u>1,661,753</u>
1,318,826	-	-	1,318,826
219,134	-	-	219,134
201,377	-	-	201,377
438,610	-	-	438,610
<u>2,177,947</u>	<u>-</u>	<u>-</u>	<u>2,177,947</u>
(388,982)	(127,212)	-	(516,194)
<u>(198,600)</u>	<u>555,608</u>	<u>375,000</u>	<u>732,008</u>
<u>\$ (587,582)</u>	<u>\$ 428,396</u>	<u>\$ 375,000</u>	<u>\$ 215,814</u>

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 363,017	\$ (516,194)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,000	12,286
Bad debt	-	16,920
Unrealized gain on investments	(37,348)	(52,059)
Change in beneficial interest in BR Symphony League	(14,322)	(60,415)
Change in:		
Other receivables	(235,668)	(29,972)
Prepaid expenses and other current assets	14,642	(143)
Accounts payable	(31,537)	124,709
Accrued expenses	4,681	12,017
Deferred revenues	(180,050)	(54)
Unconditional promises to give	29,026	235,280
Net cash used in operating activities	(79,559)	(257,625)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash from BR Symphony League	60,000	74,100
Proceeds from maturities of investments	45,550	6,486
Purchase of investments	-	(588)
Net cash provided by investing activities	105,550	79,998
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal draws on line of credit	858,377	1,440,730
Paydowns on line of credit	(804,201)	(1,237,792)
Decrease in outstanding checks in excess of bank balance	(1,548)	(48,713)
Net cash provided by financing activities	52,628	154,225
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,619	(23,402)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	62,926	86,328
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 141,545	\$ 62,926
 <u>Supplemental disclosures:</u>		
Cash paid during the year for interest	\$ 15,075	\$ 11,805

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

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

The Louisiana Symphony Association (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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 unrestricted, temporarily restricted, or permanently restricted support 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Association has an endowment trust funded by contributions. Unrestricted donor contributions can be used at the Association's discretion. The principal for permanently restricted donor contributions must remain intact. Funds donated with restrictions on principal have been classified as permanently restricted net assets.

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, 2018 and 2017.

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 and deferred revenue. Grants which represent contributed support are recognized in the same manner as promises to give.

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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, which are made up primarily of sponsorships and advertising contracts, 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 grants received which are applicable to a subsequent fiscal period or 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.

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 \$124,619 and \$111,590 for the years ended June 30, 2018 and 2017, 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 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.

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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 permanently restricted cash and cash equivalents and amounts held in brokerage accounts.

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 and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 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 temporarily restricted net assets until the gains 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.

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Accounting pronouncements issued but not yet adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

On August 18, 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosure of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted.

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU is effective for years ending June 30, 2020.

In June 2018, the FASB issued ASU No. 2018-08 "Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" to clarify and improve the scope and the 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 (nonreciprocal 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 ASU will be effective for years ending June 30, 2020.

The Association is currently assessing the impact of these pronouncements on its financial statements.

3. Current Operating Environment

Over the past several years, the Association has experienced operating losses and negative cash flow from operating activities. At June 30, 2018, the Association has a deficit in unrestricted net assets of \$(253,053) compared to a deficit of \$(587,582) at June 30, 2017. As of June 30, 2018 and 2017, there was no unrestricted cash for operations.

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Current Operating Environment (continued)

The Board became aware of the operational deficit at the end of the June 30, 2016 fiscal year, and the circumstances created a substantial doubt about the Association's ability to continue as a going concern as of the year ended June 30, 2017. The Association is heavily dependent on contribution revenue and grant income to subsidize the cost of concerts and special events. There has been an increase in total revenues and other support of \$333,137 over the prior year due to significant fundraising and the recognition of the Louisiana Economic Development tax credits from the State of Louisiana. Because of the Board's focus on monitoring the budget and cutting various costs, the Association experienced an increase in unrestricted net assets of \$334,529. These actions have mitigated the Association's ability to continue as a going concern. Management will continue its efforts to improve fundraising, monitor the budget and align operational activities with the budget.

4. Property and Equipment

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

	Estimated Service Lives	2018	2017
Equipment	3 - 7 years	\$ 47,778	\$ 47,778
Furniture and fixtures	5 - 7 years	35,048	35,048
Piano	20 years	<u>92,750</u>	<u>92,750</u>
		175,576	175,576
Less accumulated depreciation		(122,574)	(114,574)
		<u>\$ 53,002</u>	<u>\$ 61,002</u>

5. Investments

The following schedules summarize the investment revenues and their classification in the statements of activities and changes in net assets for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 169	\$ 266
Unrealized gains (losses), net	<u>37,348</u>	<u>52,059</u>
Total investment income	<u>\$ 37,517</u>	<u>\$ 52,325</u>

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Investments (continued)

Fair Value

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, 2018 and 2017:

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 as of June 30, 2018:

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

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,959	\$ -	\$ -	\$ 1,959
Mutual Funds	529,650			529,650
Total Assets at Fair Value	<u>\$ 531,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,609</u>

6. Lines of Credit

The Association had available lines of credit totaling \$450,000 at June 30, 2018 and 2017, from a financial institution. The lines of credit are secured with the Association's deposit accounts. The lines of credit, related balances, maturities, and interest rates as of June 30, 2018 and 2017, respectively, are as follows:

2018

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

2017

<u>Financial Institution</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity</u>
Iberia Bank	6.00% (variable)	\$ 163,681	July 25, 2017
Iberia Bank	3.75% (variable)	\$ 150,000	March 1, 2019

7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
88 Keys	\$ 102,512	\$ 102,808
Endowment income - education	160,955	165,098
PGP Funds	62,804	-
Guest Artist Fund	34,788	45,639
Multi-year promises to give	85,825	114,851
Corporate – time restricted	10,000	-
	<u>\$ 456,884</u>	<u>\$ 428,396</u>

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Net Assets 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, 2018 and 2017:

	2018	2017
Endowment income – education	\$ 33,471	\$ 22,334
Endowment income – LYO	4,982	3,325
88 Keys	3,354	2,237
Multi-year promises to give	102,276	171,141
Guest artist fund	<u>37,000</u>	<u>25,000</u>
Total	<u>\$ 181,083</u>	<u>\$ 224,037</u>

9. Lease Agreement

The Association signed a lease agreement for their location 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, 2018 and June 30, 2017, rent expense was \$46,742 and \$45,750, respectively. See Note 12.

10. Promises to give

Unconditional promises to give at June 30, 2018 and 2017 are as follows:

	2018	2017
Receivable in less than one year	\$ 66,725	\$ 88,351
Receivable in one to five years	<u>19,100</u>	<u>26,500</u>
Total unconditional promises to give	<u>\$ 85,825</u>	<u>\$ 114,851</u>

The scheduled payments on promises to give are as follows:

2019	\$ 66,725
2020	9,600
2021	<u>9,500</u>
	<u>\$ 85,825</u>

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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, 2018 and 2017, the Association holds permanently and temporarily restricted assets within an endowment account at Merrill Lynch. The principal amount of \$375,000 as a result of the donations received shall not be expended for any purpose whatsoever. The expenditure of funds from these endowments is limited to the income from the investment of the principal. The funds are under the direction and control of the interim 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 no activity in the principal amount of the endowed account during the two-year period ended June 30, 2018.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2018, and determined that the following disclosure is necessary.

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:

2019	\$	240,600
2020		228,570
2021		237,713
2022		247,221
2023		257,110
	\$	<u>1,211,214</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Louisiana Symphony Association
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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, the statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Symphony 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 Louisiana Symphony Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 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 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 19, 2018

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
Louisiana Symphony Association
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Symphony Association as of and for the year ended June 30, 2018, and our report thereon dated December 19, 2018, which expressed an unmodified opinion on those financial statements appears on pages 1 and 2. Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the CEO 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 19, 2018

LOUISIANA SYMPHONY ASSOCIATION
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018

Chief Executive Officer James "Jim" Hanna

Purpose	Amount
Salary	\$ 86,539
Benefits - insurance	11,061
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Benefits - other (describe)	-
Benefits - other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other (including payments made by other parties on behalf of the	-
Total	\$ 97,600

LOUISIANA SYMPHONY ASSOCIATION

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE AND
CONTROL AREAS

FOR THE YEAR ENDED JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors for
Louisiana Symphony Association and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the board of the Louisiana Symphony Association (the Association) 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, 2017 through June 30, 2018. The Board'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 in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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 Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 19, 2018

**LOUISIANA SYMPHONY ASSOCIATION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, only those AUPs relevant to the public monies received by Louisiana Symphony Association were included in the scope since the funds were not comingled with non-public monies. Numbering below is consistent with the numbering used in the LLA SAUPs.

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):

- d) Receipts*, 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).

The Board's policy does not specifically address a process to identify completeness of collections.

- 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.

The Board's policy does not address types of services requiring written contracts, standard terms and conditions, legal review, or approval and monitoring processes.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a)* Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board met fifteen times during the fiscal period.

- b)* For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Public funds did not comprise more than 10% of the entity's collections during the fiscal period; therefore, this procedure is deemed not applicable.

LOUISIANA SYMPHONY ASSOCIATION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The Association is not a governmental entity; therefore, this procedure is deemed not applicable.

Bank Reconciliations

3. 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 listing of bank accounts where public money is deposited was provided and included one account.

From the listing provided, we selected the one bank account and obtained the bank reconciliation for the month ending March 31, 2018, resulting in one bank reconciliation obtained and subjected to the below procedures.

1. 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 exceptions noted.

2. 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); and

There was no evidence of management or board review indicated on the bank reconciliation reviewed.

3. 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.

There were no reconciling items outstanding for more than 12 months in the reconciliation reviewed.

LOUISIANA SYMPHONY ASSOCIATION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Collections

4. 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).

A listing of deposit sites where public money deposits are prepared was provided and included one deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

5. 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 listing of collection locations for the deposit site selected in procedure #2 was provided and included one collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

Cash drawers/registers are not used by the Association.

- 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.

The employee responsible for collecting cash also prepares and makes the bank deposits.

- 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 exceptions noted.

- 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.

There is no 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.

**LOUISIANA SYMPHONY ASSOCIATION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

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

Employees with access to cash are not bonded.

7. 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:

We randomly selected two deposit dates from the one bank account selected in procedure #3. We obtained supporting documentation for each deposit and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

The Association does not maintain sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The Association does not maintain sequentially pre-numbered receipts, system reports, or other related collection documentation.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- 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).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

LOUISIANA SYMPHONY ASSOCIATION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

One contractual disbursement was made from the public monies, therefore that was the only contract subject to the below procedures.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

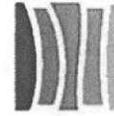
No board approval required.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No amendments to the contract were made.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We selected the one payment for the contract and noted no exceptions.



BATON ROUGE SYMPHONY

TIMOTHY MUFFITT, MUSIC DIRECTOR

Meredith Hathorn
Board Chair

Jon "Blue" Loupe
Board Chair-Elect

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Treasurer

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Craig Heinzen
Joyce O'Rourke
Todd Queen
Treva Tidwell

Paula G. Manship
Memorial Honorary Member

Timothy W. Muffitt
Music Director/Conductor

*Deceased

December 19, 2018

Postlethwaite & Netterville,

The Louisiana Symphony Association, Inc. dba the Baton Rouge Symphony, has reviewed the findings for the 2017-2018 fiscal period for the Louisiana Legislative Agreed Upon Procedures. We will consult with management to make revisions in policies and practices wherever possible to reduce the frequency of occurrences that are inconsistent with best practices.

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Personnel Manager/Librarian
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