

FINANCIAL REPORT
NEW ORLEANS OPERA ASSOCIATION
JUNE 30, 2019 AND 2018

NEW ORLEANS OPERA ASSOCIATION

TABLE OF CONTENTS

JUNE 30, 2019 AND 2018

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows.....	9
Notes to the Financial Statements.....	10 - 19
SUPPLEMENTARY INFORMATION:	
Schedules of Ticket Sales and Cost of Operas	20 - 21
Combining Statements of Financial Position	22 - 23
Combining Statements of Activities.....	24 - 25
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	26
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 <i>GOVERNMENT AUDITING STANDARDS</i>	27 - 28
SCHEDULE OF FINDINGS.....	29



Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

December 23, 2019

To the Board of Directors of the
New Orleans Opera Association
New Orleans, Louisiana

We have audited the accompanying financial statements of the New Orleans Opera Association (the "Association"), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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.

Basis for Qualified Opinion

As explained in Note 2 to the financial statements, we were unable to satisfy ourselves concerning the basis at which certain real estate is recorded in the financial statements. Accounting principles generally accepted in the United States of America require real estate to be recorded at its fair value at the date of receipt. The effects on the accompanying financial statements have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 360,887	\$ 366,691
Accounts receivable	1,096,150	1,161,485
Prepaid expenses	37,796	45,362
Total Current Assets	<u>1,494,833</u>	<u>1,573,538</u>
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation of \$2,012,509 and \$1,985,345	347,460	374,624
Net Property and Equipment	<u>347,460</u>	<u>374,624</u>
TOTAL ASSETS	<u>\$ 1,842,293</u>	<u>\$ 1,948,162</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 22,143	\$ 56,266
Line of credit	200,000	100,000
Deposits	6,200	3,300
Deferred income	212,229	346,866
Total Current Liabilities	<u>440,572</u>	<u>506,432</u>
NET ASSETS:		
Without donor restrictions	1,140,149	1,260,162
With donor restrictions	261,572	181,568
Total Net Assets	<u>1,401,721</u>	<u>1,441,730</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,842,293</u>	<u>\$ 1,948,162</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Net Assets Without <u>Donor Restrictions</u>	Net Assets With <u>Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Revenues and Earned Income:			
Ticket sales	\$ 637,942	\$ -	\$ 637,942
Education	2,405	-	2,405
Scenery rental	194,555	-	194,555
Guild Home - rental and tours income	114,466	-	114,466
Other income	123,175	-	123,175
Total Revenues and Earned Income	<u>1,072,543</u>	<u>-</u>	<u>1,072,543</u>
Support:			
Contributions	1,211,694	204,508	1,416,202
Grants	105,583	-	105,583
LED tax credits, net of related expenses	451,259	-	451,259
Special events fundraising	160,307	-	160,307
Net assets released from restrictions - satisfaction of purpose restrictions	124,504	(124,504)	-
Total Support	<u>2,053,347</u>	<u>80,004</u>	<u>2,133,351</u>
Total Revenues, Earned Income and Support	<u>3,125,890</u>	<u>80,004</u>	<u>3,205,894</u>
Expenses:			
Program services:			
Productions	2,171,755	-	2,171,755
Education	127,398	-	127,398
Scenery rental and scenic studio	270,572	-	270,572
Guild Home	137,022	-	137,022
Supporting services:			
General and administrative	442,357	-	442,357
Fundraising	96,799	-	96,799
Total Expenses	<u>3,245,903</u>	<u>-</u>	<u>3,245,903</u>
Change in net assets	<u>(120,013)</u>	<u>80,004</u>	<u>(40,009)</u>
Net Assets at beginning of year	<u>1,260,162</u>	<u>181,568</u>	<u>1,441,730</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,140,149</u>	<u>\$ 261,572</u>	<u>\$ 1,401,721</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Net Assets Without <u>Donor Restrictions</u>	Net Assets With <u>Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Revenues and Earned Income:			
Ticket sales	\$ 626,119	\$ -	\$ 626,119
Education	5,883	-	5,883
Scenery rental	172,321	-	172,321
Guild Home - rental and tours income	73,193	-	73,193
Other income	73,606	-	73,606
Total Revenues and Earned Income	<u>951,122</u>	<u>-</u>	<u>951,122</u>
Support:			
Contributions	1,684,198	128,109	1,812,307
Grants	30,500	-	30,500
LED tax credits, net of related expenses	600,975	-	600,975
Special events fundraising	159,116	-	159,116
Net assets released from restrictions - satisfaction of purpose restrictions	156,329	(156,329)	-
Total Support	<u>2,631,118</u>	<u>(28,220)</u>	<u>2,602,898</u>
Total Revenues, Earned Income and Support	<u>3,582,240</u>	<u>(28,220)</u>	<u>3,554,020</u>
Expenses:			
Program services:			
Productions	3,209,164	-	3,209,164
Education	88,071	-	88,071
Scenery rental and scenic studio	242,113	-	242,113
Guild Home	83,611	-	83,611
Supporting services:			
General and administrative	435,246	-	435,246
Fundraising	100,612	-	100,612
Total Expenses	<u>4,158,817</u>	<u>-</u>	<u>4,158,817</u>
Change in net assets	<u>(576,577)</u>	<u>(28,220)</u>	<u>(604,797)</u>
Net assets at beginning of year, as restated	<u>1,836,739</u>	<u>209,788</u>	<u>2,046,527</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,260,162</u>	<u>\$ 181,568</u>	<u>\$ 1,441,730</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	Productions	Education	Scenery Rental and Scenic Studio	Guild Home	General & Administrative	Fundraising	
Artists	\$ 230,261	\$ 19,594	\$ -	\$ -	\$ -	\$ -	\$ 249,855
Ballet	12,700	-	-	-	-	-	12,700
Bank and credit card charges	-	-	-	-	21,142	-	21,142
Choreographer	6,450	-	-	-	-	-	6,450
Chorus	134,792	-	-	-	-	-	134,792
Computer	-	-	100	-	3,413	-	3,513
Conductor	25,000	-	-	-	-	-	25,000
Contract labor	-	-	-	23,529	-	-	23,529
Costumers	18,300	-	-	-	-	-	18,300
Costumes	47,693	49	-	-	-	-	47,742
Depreciation	-	-	9,777	16,078	1,310	-	27,165
Development	98,287	-	-	-	6,252	-	104,539
Director - housing and travel	16,836	-	-	-	-	-	16,836
Drayage	3,380	-	-	-	-	-	3,380
Dues and subscriptions	-	2,000	-	-	8,060	-	10,060
Equipment	-	-	7,858	-	-	-	7,858
Insurance	20,395	16,092	15,966	-	93,200	-	145,653
Lighting	53,658	-	-	-	-	-	53,658
Marketing and advertising	77,726	1,823	-	-	1,222	-	80,771
Miscellaneous	25,565	5,561	16,123	4,846	32,687	-	84,782
Music	7,111	-	-	-	-	-	7,111
Office	-	-	-	-	71,035	-	71,035
Orchestra	276,408	-	-	-	-	-	276,408
Parking	8,237	2,955	1,260	-	7,698	-	20,150
Pension	-	2,123	1,130	-	-	-	3,253
Postage	-	-	80	-	5,425	383	5,888
Printing and stationery	-	-	480	-	3,361	1,148	4,989
Production costs	13,089	297	-	-	-	-	13,386
Professional fees	-	-	-	-	42,717	-	42,717
Props	7,613	-	-	-	-	-	7,613
Propmaster	6,656	-	-	-	-	-	6,656
Rehearsal - accompanist	18,020	-	-	-	-	-	18,020
Rent	126,085	-	-	-	50,092	-	176,177
Repairs and maintenance	-	-	23,459	43,834	-	-	67,293
Salaries	494,594	63,745	87,693	-	66,973	-	713,005
Scenic designer and scenery	106,862	-	34,438	-	-	-	141,300
Security	15,937	-	1,458	12,060	-	-	29,455
Special events	-	-	-	-	-	95,268	95,268
Stage directors and stagehand	206,237	35	-	-	-	-	206,272
Supers and supertile coordinators	6,095	-	-	-	-	-	6,095
Supplies	-	21	22,900	24,686	-	-	47,607
Taxes - payroll	45,062	7,212	14,402	-	16,725	-	83,401
Telephone	-	-	3,267	1,693	11,045	-	16,005
Tours	-	-	-	459	-	-	459
Travel	-	91	-	-	-	-	91
Union benefits	39,669	-	17,010	-	-	-	56,679
Utilities	-	-	13,171	9,837	-	-	23,008
Vocal competition	-	5,800	-	-	-	-	5,800
Wig and make up	23,037	-	-	-	-	-	23,037
	<u>\$ 2,171,755</u>	<u>\$ 127,398</u>	<u>\$ 270,572</u>	<u>\$ 137,022</u>	<u>\$ 442,357</u>	<u>\$ 96,799</u>	<u>\$ 3,245,903</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	Productions	Education	Scenery Rental and Scenic Studio	Guild Home	General & Administrative	Fundraising	
Artists	\$ 340,159	\$ 24,300	\$ -	\$ -	\$ -	\$ -	\$ 364,459
Auditions	-	140	-	-	-	-	140
Ballet	16,400	-	-	-	-	-	16,400
Bank and credit card charges	-	-	-	-	44,289	1,163	45,452
Box office fees	20,133	-	-	-	-	-	20,133
Choreographer	19,286	-	-	-	-	-	19,286
Chorus	148,833	-	-	-	-	-	148,833
Computer	-	-	305	-	14,642	-	14,947
Conductor	38,829	-	-	-	-	-	38,829
Contract labor	-	-	-	19,349	-	-	19,349
Costumers	31,683	-	742	-	-	-	32,425
Costumes	86,651	400	-	-	-	-	87,051
Depreciation	-	-	16,690	16,359	1,567	-	34,616
Development	94,030	-	-	-	17,136	-	111,166
Director - housing and travel	17,458	-	-	-	-	-	17,458
Drayage	22,113	-	-	-	-	-	22,113
Dues and subscriptions	-	1,000	-	-	7,413	-	8,413
Equipment	-	-	11,688	-	-	-	11,688
Insurance	35,271	8,405	168	-	27,910	-	71,754
Lighting	111,805	-	-	-	-	-	111,805
Loss on disposal	-	-	-	-	8,303	-	8,303
Marketing and advertising	365,932	675	-	-	25,084	-	391,691
Miscellaneous	7,769	1,152	12,447	3,418	22,947	-	47,733
Music	18,444	-	-	-	-	-	18,444
Office	-	-	-	-	65,576	-	65,576
Orchestra	323,533	100	-	-	-	-	323,633
Parking	17,780	1,400	950	-	934	-	21,064
Postage	-	-	-	-	9,425	294	9,719
Printing and stationery	-	-	185	-	9,407	4,792	14,384
Production costs	13,667	867	-	-	-	-	14,534
Professional fees	-	-	-	-	50,755	-	50,755
Props	32,855	71	155	-	-	-	33,081
Propmaster	11,676	-	-	-	-	-	11,676
Rehearsal - accompanist	18,490	-	-	-	-	-	18,490
Rent	126,297	-	-	-	48,589	-	174,886
Repairs and maintenance	-	-	18,066	14,954	-	-	33,020
Salaries	635,649	37,500	53,949	-	62,038	-	789,136
Scenic designer and scenery	180,257	2,214	53,212	-	-	-	235,683
Security	24,906	-	1,218	1,491	-	-	27,615
Special events	-	-	-	-	-	94,363	94,363
Stage directors and stagehands	311,750	-	1,564	-	-	-	313,314
Supers and supertile coordinator	7,825	-	-	-	-	-	7,825
Supplies	-	1,999	17,307	16,084	-	-	35,390
Taxes – payroll	45,151	2,869	7,840	-	7,056	-	62,916
Telephone	-	-	1,384	1,549	12,175	-	15,108
Tours	-	-	-	958	-	-	958
Travel and transportation	-	-	7	-	-	-	7
Union benefits	59,872	50	30,235	-	-	-	90,157
Utilities	-	-	14,001	9,449	-	-	23,450
Vocal competition	-	4,700	-	-	-	-	4,700
Wig and make up	24,660	229	-	-	-	-	24,889
	<u>\$ 3,209,164</u>	<u>\$ 88,071</u>	<u>\$ 242,113</u>	<u>\$ 83,611</u>	<u>\$ 435,246</u>	<u>\$ 100,612</u>	<u>\$ 4,158,817</u>

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

NEW ORLEANS OPERA ASSOCIATION
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (40,009)	\$ (604,797)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,165	34,619
Loss on disposal of equipment	-	8,303
Changes in operating assets and liabilities:		
Accounts receivable	65,334	29,558
Inventory	-	2,455
Prepaid expenses	7,564	26,389
Accounts payables and accrued expenses	(34,123)	(8,376)
Deposits	2,900	(3,050)
Deferred income	(134,635)	22,615
Net cash used by operating activities	<u>(105,804)</u>	<u>(492,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(24,800)
Net cash used by investing activities	<u>-</u>	<u>(24,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit	(150,000)	-
Proceeds from line of credit	250,000	100,000
Net cash provided by financing activities	<u>100,000</u>	<u>100,000</u>
Net decrease in cash and cash equivalents	(5,804)	(417,084)
Cash and cash equivalents, beginning of year	<u>366,691</u>	<u>783,775</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 360,887</u></u>	<u><u>\$ 366,691</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION:		
Cash paid during the year for:		
Interest		
Income taxes	\$ 9,384	\$ -
	<u>\$ -</u>	<u>\$ -</u>

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

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NATURE OF ACTIVITIES:

The mission of the New Orleans Opera Association (the Association) is to enrich the lives of all people by producing opera of the highest artistic quality and providing education opportunities through traditional and innovative approaches. The activities of the organization are to plan, produce, and present opera of the highest musical and artistic caliber; to educate the public on the value and joy of opera; to encourage and facilitate the participation in the art form by young people; to maintain the H. Lloyd Hawkins Scenic Studio as a resource for local, national, and international opera companies and performing arts groups; to maintain the Opera Guild Home to educate about the role opera played and continues to play in the community's cultural heritage; and to have a positive impact on civic life.

The Association presents fully staged opera performances in the Mahalia Jackson Theater for the Performing Arts throughout the year and presents smaller scale operas in alternative venues. The Association's performances are conceived and produced locally, with artists engaged individually by the General Director, production design executed by the Association's H. Lloyd Hawkins Scenic Studio, the chorus of local singers led by the Association's Chorus Director, and music provided by the Louisiana Philharmonic Orchestra.

As part of its mission to introduce opera to younger audiences, students throughout the metropolitan area are invited to dress rehearsal performances and the Association's education staff, along with board members and volunteers, visit schools and welcome students to introduce them to the opera through various educational offerings such as small-scale performances and lectures. In 2015, the Association inaugurated the Donald Wood Youth Vocal Competition, an annual competition for trained high school singers providing the winners both performance opportunities and cash prizes.

Other educational and outreach activities are conducted throughout the year, including a lecture series, social events, and "Opera On Tap" performances – casual events in small scale venues generally aimed at non-traditional audiences. The Association continuously assesses how it can best engage the community and positively impact civic life through the art form of opera.

Support Committees:

In order to facilitate the Association's objectives, support committees were formed which operate under the Association's Charter to promote and provide additional resources for the Association. These committees are legally a part of the Association, operate under the Association's Charter, and are subject to control by the Association's management. Accordingly, the accompanying financial statements include the accounts of the Women's Guild, the Sylvain Society, the Opera Club, and the Opera Ball. The Junior Committee of the Woman's Guild was disbanded during fiscal year ended June 30, 2017 and replaced with the Sylvain Society on July 1, 2017.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The Association prepares its financial statements in accordance with generally accepted accounting principles and in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14 – *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Net asset classes are reported in two categories – with donor restrictions and without donor restrictions. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Accounts Receivable:

Uncollectible receivables are charged off and recorded as administrative expense when the Association deems them to be uncollectible. All receivables at June 30, 2019 and 2018 were considered collectible by management; accordingly, an allowance for doubtful accounts is not presented.

Income Taxes:

The Association is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

FASB Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Association has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740.

The Association’s tax return Form 990 for 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition:

Ticket sales are recorded as operating revenues on a specific performance basis. Advance ticket sales, representing the receipt of ticket sale payments for future opera performances, are initially deferred in the statements of financial position and are subsequently recognized as revenue when the related productions take place. Contributions, as well as unconditional promises to give, are recognized in the period received. Contributions are classified as unrestricted or restricted support based on donor-imposed restrictions. When a donor restriction expires, when a stipulated time restriction ends or a purpose restriction is met, the Association reclassifies the net assets with donor restrictions to net assets without donor restrictions and reports these net assets as released from restrictions.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services:

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the Association's program and supporting services.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Donations of property and equipment are recorded at fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose or for a future date. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Association capitalizes property and equipment with a cost greater than \$1,000. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 10 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	3 - 20 years
Buildings and improvements	7 - 39 years

Non-Depreciable Assets:

Donations of non-depreciable assets are recorded at their estimated fair value at the time of donation. The Women's Guild of the New Orleans Opera Association has received non-cash contributions in the forms of antique furniture, antique rugs, and other works of art. These items have been capitalized since they do not meet the criteria to be classified as part of a collection per FASB. The fair value of the assets was determined by a certified antique appraiser. These items are reported as part of net assets without donor restrictions in the statements of financial position.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted of a money market account.

Advertising:

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$78,948 and \$391,016 for the years ended June 30, 2019 and 2018, respectively.

Deferred Income:

Deferred income consists primarily of the ticket sales for the upcoming opera season. Those ticket sales are recorded as deferred income and recognized as revenue when earned.

New Accounting Pronouncement:

As of July 1, 2018, the Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

Functional Allocation of Expenses:

The Association allocates the costs of providing the various programs and activities on a functional basis in the statement of activities. Salaries and related expenses have been allocated based on estimates of time devoted to program and supporting services. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of time spent and usage performing those functions.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The Association recognizes revenue from the rental of a certain house located in New Orleans, Louisiana. The New Orleans Opera Association uses this facility for various other functions. This house, along with the land and contents, was donated in 1966 and recognized in the financial statements with an estimated original basis of \$150,000 less accumulated depreciation of \$120,000 resulting in a net book value of \$30,000. The original basis of this real estate and contents should be equal to their fair value at time of donation. No appraisals or other information is available to confirm this estimated value.

3. PROPERTY AND EQUIPMENT:

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	42,183	-	42,183
Building	641,950	641,950	-
Furniture and fixtures	499,821	378,808	121,013
Production equipment	94,035	79,301	14,734
Scenery	811,639	811,193	446
Studio equipment	49,296	49,296	-
Trucks	48,850	48,850	-
Leasehold improvements	5,505	3,111	2,394
	<u>\$ 2,359,969</u>	<u>\$ 2,012,509</u>	<u>\$ 347,460</u>

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. PROPERTY AND EQUIPMENT: (Continued)

A summary of property and equipment at June 30, 2018 was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	42,183	-	42,183
Building	641,950	641,570	380
Furniture and fixtures	499,821	361,420	138,401
Production equipment	94,035	74,532	19,503
Scenery	811,639	808,064	3,575
Studio equipment	49,296	49,296	-
Trucks	48,850	47,493	1,357
Leasehold improvements	5,505	2,970	2,535
	<u>\$ 2,359,969</u>	<u>\$ 1,985,345</u>	<u>\$ 374,624</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$27,165 and \$34,617, respectively.

4. CASH AND CASH EQUIVALENTS:

At June 30, 2019 and 2018, the Association's cash and cash equivalents consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 359,618	\$ 310,154
Money market fund	1,269	56,537
Total cash and cash equivalents	<u>\$ 360,887</u>	<u>\$ 366,691</u>

5. OPERATING LEASE:

On June 1, 2016, the Association entered into a non-cancellable operating lease for office space at the building located at 935 Gravier Street effective from July 1, 2016 through December 31, 2018, with a monthly rent of \$4,583. The agreement was subsequently extended through December 31, 2020, with a monthly rent of \$4,166. Rental expense is included in general and administrative expenses and amounted to \$48,089 for the years ended June 30, 2019 and 2018.

NEW ORLEANS OPERA ASSOCIATION
 NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. OPERATING LEASE: (Continued)

On March 16, 2017, the Association entered into an operating agreement for the use of box office ticketing software. The software is used for fundraising, data management and box office ticket sales for single tickets, subscriptions and memberships. The agreement is effective for 60 months from April 1, 2017 to March 31, 2022, with quarterly payments of \$8,000 in the first year.

The payments escalate annually. Box office rental expense is included in general and administrative expenses and amounted to \$35,420 and \$51,918 for the years ended June 30, 2019 and 2018, respectively.

Minimum lease commitments under leasing agreements for the year ended June 30, 2019 were as follows:

Year ending	
<u>June 30:</u>	
2020	\$ 85,713
2021	62,526
2022	29,240
Total	<u>\$ 177,479</u>

6. CONTINGENCIES:

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill these conditions could result in the return of the funds to grantors. Although this is a possibility, the Board deems the contingency remote, since, by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gifts. As discussed in Note 1, in order to support the services provided, the Association seeks contributions from the community as well as from ticket sales of opera performances. Contributions are from both the public and private sectors. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

7. LOUISIANA ECONOMIC DEVELOPMENT TAX CREDITS (LED):

The Association receives precertification from the LED based on the budget for each production. Estimated refundable tax credits are calculated and accrued based on the criteria established by the LED in the precertification letter and applied to the actual costs for the productions. The credits are recorded net of the direct expenses incurred by the Association to obtain the final certification. Adjustments to the estimated credits will be made in the following year when the final certification is issued and recorded as an addition or deduction to the current year credits. LED credits applied to productions, net of expenses, were \$451,259 and \$600,975 for the years ended June 30, 2019 and 2018, respectively.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

8. CONCENTRATIONS:

Cash Deposits:

The Association maintains its cash in secured deposit accounts at various banks located in New Orleans, Louisiana. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were \$99,360 and \$94,991 in uninsured cash balances at June 30, 2019 and 2018, respectively.

Louisiana Department of Economic Development Tax Credits:

Approximately 97% and 92% of the Association's accounts receivable at June 30, 2019 and 2018, respectively, are refundable tax credits due from the Louisiana Department of Revenue (LED).

Geographic Concentration of Customers:

The Association depends on the general public, businesses, and other public and private organizations principally within the New Orleans area to purchase tickets to the productions and for other contributions to enable the Association to continue its activities.

9. LINE OF CREDIT:

The Association has a line of credit with a borrowing limit of \$500,000. For the years ended June 30, 2019 and 2018, the interest rate was 5.6% and 5.1%, respectively. The line of credit is collateralized by a security interest in all business assets of the Association. As of June 30, 2019 and 2018, the outstanding balance was \$200,000 and \$100,000, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Contributions with purpose restrictions	\$ 261,572	\$ 181,568

Net assets totaling \$124,504 were released from donor restrictions due to the satisfaction of purpose restrictions during the year ended June 30, 2019.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

11. COMMITMENTS:

The Association entered into an employment contract on July 1, 2015, with the General and Artistic Director that ended on June 30, 2018. The contract was renewed for another two-year term ending June 30, 2020. Under the terms of this contract, the Association is to pay the General and Artistic Director an annual salary of \$103,000 plus conducting fees of \$5,000 per production with a guarantee of at least two productions each opera season.

The Association also entered into an employment contract on July 1, 2015, with the Executive Director that ended on June 30, 2018. The contract was renewed for another two-year term ending June 30, 2020. As of June 30, 2019, the Executive Director is no longer with the Association, and the contract has ended.

12. SIMPLE IRA PLAN:

The Company maintains a SIMPLE IRA Plan which covers all eligible employees. Participation in the plan is voluntary. Participants may contribute the maximum pre-tax amount allowed under federal tax law. The Association matches up to a maximum of 3% of the participating employee's contributions. Employer contributions to the plan were \$15,605 and \$17,007 for the years ended June 30, 2019 and 2018, respectively.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Association manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Association's financial assets (cash and cash equivalents) as June 30, 2019 and 2018, reduced by amounts not available for expenses within one year of balance sheet date:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and equivalents	\$ 360,887	\$ 366,691
Accounts receivable	1,096,150	1,161,485
Total financial assets	1,457,037	1,528,176
Financial assets available to meet cash needs for expenses within one year	\$ 1,457,037	\$ 1,528,176

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

14. NEW ACCOUNTING PRONOUNCEMENT:

On August 18, 2016, the FASB issued 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

The changes had the following effect on net assets at June 30, 2018:

	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Net assets:		
Unrestricted	\$ 1,260,162	\$ -
Without donor restrictions	-	1,260,162
Temporarily restricted	181,568	-
With donor restrictions	-	181,568
Total net assets	<u>\$ 1,441,730</u>	<u>\$ 1,441,730</u>

15. RECLASSIFICATIONS:

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 23, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF TICKET SALES AND COST OF OPERAS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Total</u>	<u>Puccini's Turandot</u>	<u>Mozart's Abduction from the Seraglio</u>	<u>Verdi's Rigoletto</u>	<u>Rameau's Pygmalion</u>	<u>Lera Averbach's The Blind</u>
TICKET SALES, SURCHARGES, AND SUBSCRIPTIONS:						
Season subscriptions	\$ 427,054	\$ 109,591	\$ 112,402	\$ 113,081	\$ 57,724	\$ 34,256
Box office sales	210,888	87,918	34,492	52,323	29,604	6,551
TOTAL	637,942	197,509	146,894	165,404	87,328	40,807
COST OF OPERAS:						
Artists	190,820	58,000	42,500	55,320	20,600	14,400
Artists' housing and travel	39,441	12,136	12,812	14,493	-	-
Ballet	12,700	-	-	-	12,700	-
Choreographer	6,450	3,450	-	-	3,000	-
Chorus	134,792	71,608	14,624	18,656	16,900	13,004
Conductor	25,000	5,000	5,000	5,000	-	10,000
Costumes	47,693	29,155	5,245	9,294	3,999	-
Costumer	18,300	5,000	5,000	5,000	3,300	-
Director - housing and travel	16,836	3,846	3,614	3,544	3,500	2,332
Drayage	3,380	2,138	-	1,144	98	-
Insurance	20,395	4,950	4,056	4,671	4,078	2,640
Lighting - design and equipment	17,288	5,605	3,004	2,875	5,319	485
Lighting - housing and travel	6,970	2,139	2,309	2,522	-	-
Lighting - designer	29,400	8,250	8,200	8,200	3,750	1,000
Marketing and development	176,013	35,203	35,203	35,203	35,203	35,203
Miscellaneous expenses	25,565	4,009	12,437	8,064	510	545
Music	7,111	3,281	872	1,153	1,621	184
Orchestra	276,408	78,053	75,638	75,129	47,588	-
Parking	8,237	-	1,740	-	6,175	322
Payroll taxes	45,062	20,534	8,892	9,309	3,936	2,391
Production costs	393	-	134	62	188	9
Production royalty	12,696	9,715	-	-	-	2,981
Props	7,613	4,022	1,355	1,697	330	209
Propmaster	6,656	1,846	1,846	2,470	-	494
Rehearsal - accompanist	18,020	3,500	3,500	5,200	4,320	1,500
Rental - special equipment	160	-	90	70	-	-
Rent - theater	117,780	35,391	27,700	31,300	20,389	3,000
Rent - rehearsal space	8,145	4,460	1,025	-	1,590	1,070
Salaried production staff	435,730	127,268	106,823	120,076	49,507	32,056
Scenic designer	23,811	7,247	8,574	6,490	1,500	-
Scenery and scenery construction	83,051	40,955	19,430	17,784	1,156	3,726
Security	15,937	2,000	4,965	4,452	1,860	2,660
Stage directors	41,000	11,000	10,000	11,000	5,000	4,000
Stage managers and assistants	35,065	8,605	8,705	8,705	6,350	2,700
Stagehands	130,172	49,436	32,458	38,639	7,664	1,975
Supers	800	400	-	350	-	50
Supertitle coordinator	3,650	700	700	700	1,050	500
Supertitles	1,645	400	445	400	400	-
Union benefits	39,669	16,735	9,005	10,445	2,262	1,222
Wardrobe - salaries	58,864	28,010	13,505	12,426	4,830	93
Wig and make up	23,037	8,347	5,161	6,434	3,095	-
COST OF OPERAS	2,171,755	712,394	496,567	538,277	283,768	140,751
COST OF OPERAS IN EXCESS OF TICKET SALES	(1,533,813)	(514,885)	(349,673)	(372,873)	(196,440)	(99,944)
GENERAL AND ADMINISTRATIVE EXPENSES	(442,357)	(88,471)	(88,471)	(88,471)	(88,471)	(88,473)
COST OF OPERAS AND ADMINISTRATIVE IN EXCESS OF TICKET SALES	(1,976,170)	(603,356)	(438,144)	(461,344)	(284,911)	(188,417)
ESTIMATED LED TAX CREDITS	451,259	129,766	106,044	110,797	66,206	38,446
TOTAL COST OF OPERAS TO ASSOCIATION	\$(1,524,911)	\$(473,590)	\$(332,100)	\$(350,547)	\$(218,705)	\$(149,971)

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF TICKET SALES AND COST OF OPERAS
FOR THE YEAR ENDED JUNE 30, 2018

	Total	Cavalleria Rusticana	Orpheus	Champion	75th Anniversary	Maria De Buenos	Tabasco
TICKET SALES, SURCHARGES, AND SUBSCRIPTIONS:							
Season subscriptions	\$ 366,228	\$ 91,557	\$ 91,557	\$ 91,557	\$ 91,557	\$ -	\$ -
Box office sales	259,891	35,019	38,607	75,584	34,860	13,108	62,713
TOTAL	626,119	126,576	130,164	167,141	126,417	13,108	62,713
COST OF OPERAS:							
Artists	256,942	54,150	51,900	62,800	7,500	13,000	67,592
Artists' housing and travel	83,217	20,579	22,426	19,418	8,030	9,406	3,358
Ballet	16,400	2,400	-	4,000	-	6,000	4,000
Box office fees	20,133	2,912	5,387	7,014	4,820	-	-
Choreographer	9,550	-	1,150	6,900	-	-	1,500
Choreographer housing and travel	9,736	-	-	7,146	-	-	2,590
Chorus	148,833	45,044	25,084	18,552	30,155	5,801	24,197
Conductor	34,500	5,000	5,000	14,000	-	-	10,500
Conductor housing and travel	4,329	-	-	3,329	-	-	1,000
Costumes	86,651	24,618	14,140	26,626	-	3,826	17,441
Costumer	31,683	4,000	4,000	17,683	-	1,000	5,000
Director - housing and travel	17,458	3,700	3,599	4,890	-	1,812	3,457
Drayage	22,113	4,069	-	17,363	-	246	435
Insurance	35,271	5,347	4,761	7,309	1,176	3,136	13,542
Lighting - design and equipment	57,618	4,616	4,368	43,454	-	1,103	4,077
Lighting - housing and travel	9,120	1,894	1,959	5,267	-	-	-
Lighting - designer	45,067	8,200	8,200	23,167	1,000	1,000	3,500
Marketing and development	459,962	76,660	76,660	76,660	76,660	76,660	76,660
Miscellaneous expenses	7,769	2,977	1,773	512	1,819	246	442
Music	18,444	1,356	1,774	8,716	3,899	1,699	1,000
Orchestra	323,533	59,597	68,823	79,455	44,757	15,400	55,501
Parking	17,780	1,290	1,110	2,640	2,647	1,666	8,427
Payroll taxes	45,151	10,851	9,641	8,742	1,433	2,500	11,984
Production costs	241	138	59	6	-	15	23
Production royalty	13,426	-	-	12,126	-	1,300	-
Props	32,855	4,410	9,134	16,227	100	834	2,150
Propmaster	11,676	2,578	1,339	2,548	-	2,338	2,873
Rehearsal - accompanist	18,490	4,090	5,600	3,500	-	1,800	3,500
Rental - special equipment	11,537	-	75	8,212	-	3,250	-
Rent - theater	103,441	21,950	19,500	26,500	17,836	2,755	14,900
Rent - rehearsal space	11,319	2,674	3,775	1,740	280	910	1,940
Salaried production staff	555,180	118,338	111,705	181,216	39,282	24,542	80,097
Scenic designer	35,001	6,343	6,422	18,236	-	-	4,000
Scenery and scenery construction	145,256	29,995	25,123	67,002	722	3,254	19,160
Security	24,906	6,235	6,813	5,971	3,687	900	1,300
Stage directors	71,167	10,000	9,000	38,167	-	5,000	9,000
Stage managers and assistants	36,804	8,109	8,205	7,905	1,300	2,630	8,655
Stagehands	203,779	48,512	40,935	62,338	9,567	4,714	37,713
Supertitle coordinator	4,375	700	700	700	525	525	1,225
Supertitles	3,450	1,000	400	400	400	1,000	250
Union benefits	59,872	15,836	11,053	16,657	2,195	1,810	12,321
Wardrobe - salaries	80,469	15,828	20,395	23,429	-	1,246	19,571
Wig and make up	24,660	6,572	7,249	7,209	-	925	2,705
COST OF OPERAS	3,209,164	642,568	599,237	965,732	259,790	204,249	537,586
COST OF OPERAS IN EXCESS OF TICKET SALES	(2,583,045)	(515,992)	(469,073)	(798,591)	(133,373)	(191,141)	(474,873)
GENERAL AND ADMINISTRATIVE EXPENSES	(435,246)	(72,541)	(72,541)	(72,541)	(72,541)	(72,541)	(72,541)
COST OF OPERAS AND ADMINISTRATIVE IN EXCESS OF TICKET SALES	(3,018,291)	(588,533)	(541,614)	(871,132)	(205,914)	(263,682)	(547,414)
ESTIMATED LED TAX CREDITS	600,975	120,729	107,350	169,042	52,772	47,259	103,823
TOTAL COST OF OPERAS TO ASSOCIATION	\$(2,417,316)	\$(467,804)	\$(434,264)	\$(702,090)	\$(153,142)	\$(216,423)	\$(443,591)

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Sylvain Society</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
ASSETS:							
Cash and cash equivalents	\$ 88,035	\$ 5,788	\$ 260,348	\$ 4,339	\$ 2,377	\$ -	\$ 360,887
Accounts receivable	1,151,150	-	-	-	-	(55,000)	1,096,150
Prepaid expenses	35,690	-	2,106	-	-	-	37,796
Property and equipment, net of accumulated depreciation	154,263	-	193,197	-	-	-	347,460
TOTAL ASSETS	\$ 1,429,138	\$ 5,788	\$ 455,651	\$ 4,339	\$ 2,377	\$ (55,000)	\$ 1,842,293
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ 21,243	\$ -	\$ 55,900	\$ -	\$ -	\$ (55,000)	\$ 22,143
Line of credit	200,000	-	-	-	-	-	200,000
Deposits	-	-	6,200	-	-	-	6,200
Deferred income	202,619	-	9,610	-	-	-	212,229
TOTAL CURRENT LIABILITIES	423,862	-	71,710	-	-	(55,000)	440,572
NET ASSETS:							
Without donor restrictions	743,704	5,788	383,941	4,339	2,377	-	1,140,149
With donor restrictions	261,572	-	-	-	-	-	261,572
TOTAL NET ASSETS	1,005,276	5,788	383,941	4,339	2,377	-	1,401,721
TOTAL LIABILITIES AND NET ASSETS	\$ 1,429,138	\$ 5,788	\$ 455,651	\$ 4,339	\$ 2,377	\$ (55,000)	\$ 1,842,293

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Sylvain Society</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
<u>ASSETS:</u>							
Cash and cash equivalents	\$ 113,492	\$ 20,180	\$ 221,679	\$ 3,555	\$ 7,785	\$ -	\$ 366,691
Accounts receivable	1,157,585	-	10,930	-	-	(7,030)	1,161,485
Prepaid expenses	45,362	-	-	-	-	-	45,362
Property and equipment, net of accumulated depreciation	165,349	-	209,275	-	-	-	374,624
TOTAL ASSETS	\$ 1,481,788	\$ 20,180	\$ 441,884	\$ 3,555	\$ 7,785	\$ (7,030)	\$ 1,948,162
<u>LIABILITIES AND NET ASSETS</u>							
<u>CURRENT LIABILITIES:</u>							
Accounts payable and accrued expenses	\$ 55,363	\$ -	\$ 903	\$ -	\$ 7,030	\$ (7,030)	\$ 56,266
Line of credit	100,000	-	-	-	-	-	100,000
Deposits	-	-	3,300	-	-	-	3,300
Deferred income	324,511	-	22,355	-	-	-	346,866
TOTAL CURRENT LIABILITIES	479,874	-	26,558	-	7,030	(7,030)	506,432
<u>NET ASSETS:</u>							
Without donor restrictions	820,346	20,180	415,326	3,555	755	-	1,260,162
With donor restrictions	181,568	-	-	-	-	-	181,568
TOTAL NET ASSETS	1,001,914	20,180	415,326	3,555	755	-	1,441,730
TOTAL LIABILITIES AND NET ASSETS	\$ 1,481,788	\$ 20,180	\$ 441,884	\$ 3,555	\$ 7,785	\$ (7,030)	\$ 1,948,162

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Sylvain Society</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
REVENUES AND SUPPORT:							
Revenues and Earned Income:							
Ticket sales	\$ 637,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 637,942
Education	2,405	-	-	-	-	-	2,405
Scenery rental	194,555	-	-	-	-	-	194,555
Guild Home - rental and tours income	-	-	114,466	-	-	-	114,466
Other income	64,685	-	58,309	-	181	-	123,175
TOTAL REVENUES AND EARNED INCOME	<u>899,587</u>	<u>-</u>	<u>172,775</u>	<u>-</u>	<u>181</u>	<u>-</u>	<u>1,072,543</u>
Support:							
Contributions	1,547,558	-	134,144	-	-	(265,500)	1,416,202
Grants	105,583	-	-	-	-	-	105,583
LED tax credits, net of related expenses	451,259	-	-	-	-	-	451,259
Special events fundraising	-	10,825	110,858	8,569	30,055	-	160,307
TOTAL SUPPORT	<u>2,104,400</u>	<u>10,825</u>	<u>245,002</u>	<u>8,569</u>	<u>30,055</u>	<u>(265,500)</u>	<u>2,133,351</u>
TOTAL REVENUES AND SUPPORT	<u>3,003,987</u>	<u>10,825</u>	<u>417,777</u>	<u>8,569</u>	<u>30,236</u>	<u>(265,500)</u>	<u>3,205,894</u>
EXPENSES:							
Program services:							
Productions	2,171,755	-	-	-	-	-	2,171,755
Education	127,398	-	-	-	-	-	127,398
Scenery rental and scenic studio	270,572	-	-	-	-	-	270,572
Guild Home	-	-	137,022	-	-	-	137,022
Management and general:							
General and administrative	430,900	-	10,641	133	683	-	442,357
Fundraising	-	10,217	55,999	2,652	27,931	-	96,799
Contributions to New Orleans							
Opera Association	-	15,000	245,500	5,000	-	(265,500)	-
TOTAL EXPENSES	<u>3,000,625</u>	<u>25,217</u>	<u>449,162</u>	<u>7,785</u>	<u>28,614</u>	<u>(265,500)</u>	<u>3,245,903</u>
Increase (decrease) in net assets	3,362	(14,392)	(31,385)	784	1,622	-	(40,009)
Net assets at beginning of year	<u>1,001,914</u>	<u>20,180</u>	<u>415,326</u>	<u>3,555</u>	<u>755</u>	<u>-</u>	<u>1,441,730</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,005,276</u>	<u>\$ 5,788</u>	<u>\$ 383,941</u>	<u>\$ 4,339</u>	<u>\$ 2,377</u>	<u>\$ -</u>	<u>\$ 1,401,721</u>

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Association</u>	<u>Opera Ball</u>	<u>Women's Guild</u>	<u>Sylvain Society</u>	<u>Opera Club</u>	<u>Adjustments / Eliminations</u>	<u>Combined Total</u>
REVENUES AND SUPPORT:							
Revenues and Earned Income:							
Ticket sales	\$ 626,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,119
Education	5,883	-	-	-	-	-	5,883
Scenery rental	172,321	-	-	-	-	-	172,321
Guild Home - rental and tours income	-	-	73,193	-	-	-	73,193
Other income	24,220	-	149,386	-	-	(100,000)	73,606
TOTAL REVENUES AND EARNED INCOME	<u>828,543</u>	<u>-</u>	<u>222,579</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>951,122</u>
Support:							
Contributions	1,769,425	-	59,470	-	-	(16,588)	1,812,307
Grants	30,500	-	-	-	-	-	30,500
LED tax credits, net of related expenses	600,975	-	-	-	-	-	600,975
Special events fundraising	8,320	39,813	80,625	5,852	24,506	-	159,116
TOTAL SUPPORT	<u>2,409,220</u>	<u>39,813</u>	<u>140,095</u>	<u>5,852</u>	<u>24,506</u>	<u>(16,588)</u>	<u>2,602,898</u>
TOTAL REVENUES AND SUPPORT	<u>3,237,763</u>	<u>39,813</u>	<u>362,674</u>	<u>5,852</u>	<u>24,506</u>	<u>(116,588)</u>	<u>3,554,020</u>
EXPENSES:							
Program services:							
Productions	3,209,164	-	-	-	-	-	3,209,164
Education	88,071	-	-	-	-	-	88,071
Scenery rental and scenic studio	242,113	-	-	-	-	-	242,113
Guild Home	-	-	83,611	-	-	-	83,611
Management and general:							
General and administrative	506,572	-	27,123	280	1,271	(100,000)	435,246
Fundraising	1,754	35,519	37,373	2,017	23,949	-	100,612
Contributions to New Orleans							
Opera Association	-	16,588	-	-	-	(16,588)	-
TOTAL EXPENSES	<u>4,047,674</u>	<u>52,107</u>	<u>148,107</u>	<u>2,297</u>	<u>25,220</u>	<u>(116,588)</u>	<u>4,158,817</u>
Increase (decrease) in net assets	(809,911)	(12,294)	214,567	3,555	(714)	-	(604,797)
Net assets at beginning of year	<u>1,811,825</u>	<u>32,474</u>	<u>200,759</u>	<u>-</u>	<u>1,469</u>	<u>-</u>	<u>2,046,527</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,001,914</u>	<u>\$ 20,180</u>	<u>\$ 415,326</u>	<u>\$ 3,555</u>	<u>\$ 755</u>	<u>\$ -</u>	<u>\$ 1,441,730</u>

NEW ORLEANS OPERA ASSOCIATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2019

Agency Head Name: Robert Lyall, General and Artistic Director

Purpose	Amount
Salary	
Benefits - insurance	
Benefits - retirement	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Special meals	

No salaries or benefits were provided with public funds.



Duplantier
Hrapmann
Hogan &
Maher, LLP

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

December 23, 2019

To the Board of Directors of the
New Orleans Opera Association
New Orleans, 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 New Orleans Opera Association (the "Association"), (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 December 23, 2019.

Internal Control over Financial Reporting

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

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

We have audited the financial statements of the New Orleans Opera Association as of and for the year ended June 30, 2019, and have issued our report thereon dated December 23, 2019.

1. Financial statements
Type of auditor's report issued: qualified

2. Internal control over financial reporting
Material weaknesses identified Yes No
Control deficiencies identified that are not
Considered to be material weaknesses Yes No

3. Noncompliance material to financial statements Yes No

B. SUMMARY OF PRIOR YEAR FINDINGS

None