

LOUISIANA SYMPHONY ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Louisiana Symphony Association, Inc. (the "Association") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Louisiana Symphony Association, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Symphony Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Symphony Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 22, 2022

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
Current Assets:		
Cash and Cash Equivalents	\$ 234,592	\$ 227,985
Restricted Cash	238,424	88,698
Investments - Restricted	160,159	246,435
Unconditional Promises to Give - Without Donor Restrictions	24,317	2,205
Receivables - With Donor Restrictions	1,074	10,500
Inventory	904	904
Prepaid Expenses and Other Assets	216	1,716
Total Current Assets	659,686	578,443
Endowment Assets	506,502	506,502
Beneficial Interest in BR Symphony League	145,567	94,927
Long-Term Portion of Unconditional Promises to Give -		
Without Donor Restrictions	50,700	2,955
Property and Equipment, Net	28,961	32,632
Total Assets	\$ 1,391,416	\$ 1,215,459

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 19,901	\$ 908
Outstanding Checks in Excess of Bank Balance	-	6,317
Accrued Expenses	1,565	6,513
Deferred Revenues	3,120	435
Total Liabilities	24,586	14,173
Net Assets:		
Without Donor Restrictions:		
Undesignated	195,228	162,991
Designated by the Board for Operating Reserve	50,000	50,000
	245,228	212,991
With Donor Restrictions:		
Perpetual in Nature	506,502	506,502
Purpose Restrictions	540,083	476,633
Time-Restricted for Future Periods	75,017	5,160
	1,121,602	988,295
Total Net Assets	1,366,830	1,201,286
Total Liabilities and Net Assets	\$ 1,391,416	\$ 1,215,459

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions:						
Endowment - Investment Income						
(Loss), Net	\$ -	\$ (86,276)	\$ (86,276)	\$ -	\$ 112,444	\$ 112,444
Individual	153,258	118,731	271,989	163,041	53,281	216,322
Corporate	63,181	-	63,181	43,250	23,500	66,750
Foundations	25,146	115,000	140,146	14,354	75,000	89,354
Board Members	23,116	20,000	43,116	9,940	5,000	14,940
League	42,430	-	42,430	46,100	-	46,100
Special Events	-	-	-	27,591	-	27,591
Government Grants	108,450	-	108,450	106,681	4,000	110,681
Program Service Fees						
Admission Sales	24,753	-	24,753	5,760	-	5,760
Subscriptions	83,843	-	83,843	59,750	-	59,750
Single Ticket Sales	246,829	-	246,829	26,058	-	26,058
Custom Hire/Fees for Service	58,218	-	58,218	8,900	-	8,900
Merchandise	962	-	962	2,819	-	2,819
Tuition and Dues	24,429	-	24,429	26,817	-	26,817
Investment Income	3	58	61	144	58	202
PPP Loan Forgiveness Income	-	-	-	176,027	-	176,027
Shuttered Venue Grant	263,487	-	263,487	-	-	-
Other Income	125	-	125	-	-	-
In Kind	-	-	-	946	-	946
Supper Club	12,120	-	12,120	-	-	-
Tax Credit Refund	-	-	-	133,654	-	133,654
Change in Beneficial Interest in League	50,640	-	50,640	12,916	-	12,916
Total Support and Revenue	1,180,990	167,513	1,348,503	864,748	273,283	1,138,031
Net Assets Released From Restriction	34,206	(34,206)	-	166,995	(166,995)	-
Total Revenues and Other Support	1,215,196	133,307	1,348,503	1,031,743	106,288	1,138,031
Expenses:						
Program Expenses	788,670	-	788,670	458,921	-	458,921
Supporting Services:						
Marketing	71,542	-	71,542	2,137	-	2,137
Development	37,727	-	37,727	20,834	-	20,834
General and Administrative Expenses	285,020	-	285,020	252,628	-	252,628
Total Expenses	1,182,959	-	1,182,959	734,520	-	734,520
Change in Net Assets	32,237	133,307	165,544	297,223	106,288	403,511
Net Assets (Deficit) - Beginning of Year	212,991	988,295	1,201,286	(84,232)	882,007	797,775
Net Assets - End of Year	\$ 245,228	\$ 1,121,602	\$ 1,366,830	\$ 212,991	\$ 988,295	\$ 1,201,286

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Expenses	Supporting Services			Total Expenses 2022
		Marketing	Development	General and Administrative	
Salaries and Wages	\$ 392,011	\$ 51,607	\$ -	\$ 136,491	\$ 580,109
Payroll Taxes	27,731	4,196	-	11,874	43,801
Employee Benefits	5,000	3,794	-	6,349	15,143
Professional Services	66,909	-	-	23,508	90,417
Office Expense	-	-	-	21,325	21,325
Depreciation	6,087	-	-	388	6,475
Insurance	-	-	-	35,985	35,985
Rent	-	-	-	19,180	19,180
Public Relations	55,088	11,945	-	-	67,033
Guest Artists	61,377	-	-	-	61,377
Concerts	137,523	-	-	-	137,523
Patron Services	36,944	-	-	-	36,944
Other Expenses	-	-	37,727	29,920	67,647
Total Expenses	\$ 788,670	\$ 71,542	\$ 37,727	\$ 285,020	\$ 1,182,959

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Expenses	Supporting Services			Total Expenses 2021
		Marketing	Development	General and Administrative	
Salaries and Wages	\$ 170,577	\$ -	\$ -	\$ 121,750	\$ 292,327
Payroll Taxes	12,084	-	-	8,845	20,929
Employee Benefits	-	-	-	10,683	10,683
Professional Services	190,368	-	-	68,178	258,546
Office Expense	-	-	-	2,104	2,104
Interest Expense	-	-	-	4,364	4,364
Depreciation	6,708	-	-	-	6,708
Insurance	-	-	-	22,288	22,288
Public Relations	6,602	2,137	-	-	8,739
Guest Artists	9,439	-	-	-	9,439
Concerts	53,359	-	-	-	53,359
Patron Services	9,634	-	-	-	9,634
In-Kind Donations	150	-	796	-	946
Other Expenses	-	-	20,038	14,416	34,454
Total Expenses	\$ 458,921	\$ 2,137	\$ 20,834	\$ 252,628	\$ 734,520

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 165,544	\$ 403,511
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	6,475	6,708
Unrealized Loss (Gain) on Investments	86,276	(92,508)
Change in Beneficial Interest in BR Symphony League	(50,640)	(12,916)
PPP Loan Forgiveness	-	(176,027)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	9,426	1,800
Prepaid Expenses	1,500	(216)
Unrestricted Unconditional Promises to Give	(69,857)	56,845
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	18,993	(25,860)
Accrued Expenses	(4,948)	1,812
Deferred Revenues	2,685	(36)
	165,454	163,113
Cash Flows from Investing Activities:		
Payments for Purchases of Property and Equipment	(2,804)	(750)
Purchase of Investments	-	(50,000)
	(2,804)	(50,750)
Cash Flows from Financing Activities:		
Principal Draws (Repayments) on Line of Credit, Net	-	(87,695)
Increase (Decrease) in Outstanding Checks in Excess of Bank Balance	(6,317)	(1,836)
Proceeds from Issuance of Debt	-	88,027
	(6,317)	(1,504)
Net Cash (Used in) Financing Activities	(6,317)	(1,504)
Net Increase in Cash and Cash Equivalents	156,333	110,859
Cash and Cash Equivalents at Beginning of Year	316,683	205,824
Cash and Cash Equivalents at End of Year	\$ 473,016	\$ 316,683

CONTINUED

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Recap of Cash</u>		
Cash	\$ 234,592	\$ 227,985
Cash - Restricted	<u>238,424</u>	<u>88,698</u>
	<u>\$ 473,016</u>	<u>\$ 316,683</u>
 Supplemental Disclosures:		
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ 4,364</u>
 Non-Cash Financing Activities:		
PPP Loan Forgiveness	<u>\$ -</u>	<u>\$ 176,027</u>

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. Nature of Activities

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

Revenue Recognition

The Association recognizes revenue from program service fees after completion of these events which generally occurs in the same fiscal year that the proceeds are collected. Each program is a distinct performance obligation. If events are not held in the current year and postponed until the following year, the revenues related to those events would be deferred. The Association recognizes the exchange portion of subscription sales over the subscription period which expires and must be subsequently renewed at the end of each calendar year. Refunds and non-collection of fees have historically been insignificant.

Contributions, Grants and Tax Credit Income are discussed below:

Contributions and Promises to Give

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

Unconditional promises to give cash and other assets donated to the Association are reported at fair value on the date the promise is received. Due to the relatively short term nature of the promises to give, fair value equals the amount of the promise at June 30, 2022 and 2021.

Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable as the grant dollars are spent. Grants which represent contributed support are recognized in the same manner as promises to give.

Tax Credit Income

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

Accounts Receivable and Deferred Revenue

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

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

Contributed and Volunteer Services

The Association recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. Services donated may include advertising, rehearsal space and professional services. The value of contributed services meeting the requirements for recognition in the financial statements was \$946 and \$-0- for the years ended June 30, 2022 and 2021, respectively.

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

Property and Equipment

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

Income Taxes

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

The Association files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to federal tax examinations by tax authorities for years before 2018. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

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

Cash and Cash Equivalents

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

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

Functional Allocation of Expenses

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the Association's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

Investments and Investment Revenues

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

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

Beneficial Interest in Baton Rouge Symphony League

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

Recent Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and liability for the corresponding lease obligation for leases with terms of more than twelve months. In November 2019, the FASB issued ASU 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2021. The Association is evaluating the impact the pronouncement may have on the financial statements.

Subsequent Events

The management of the Association evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through December 22, 2022, the date which the financial statements were available to be issued.

3. Receivables - With Donor Restrictions and Deferred Revenues

In accordance with ASC Topic 606, Revenue from Contracts with Customers, the following amounts are included in the Statement of Financial Position at June 30, 2022 and 2021 under the following captions:

	<u>2022</u>	<u>2021</u>
Accounts Receivable:		
Receivables - With Donor Restrictions	<u>\$ 1,074</u>	<u>\$ 10,500</u>
Current Liabilities:		
Deferred Revenues	<u>\$ 3,120</u>	<u>\$ 435</u>

As of June 30, 2020, the Receivables - With Donor Restrictions totaled \$12,300, and Deferred Revenues totaled \$-0-.

4. Liquidity and Availability

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

Financial Assets at Year-end:

Cash and Cash Equivalents	\$ 234,592
Restricted Cash	238,424
Investments	160,159
Unconditional Promises to Give	75,017
Receivables	1,074
Endowment Assets	<u>506,502</u>
	1,215,768

Less amounts not available for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:

Perpetual in Nature	(506,502)
Purpose Restrictions	(540,083)
Time-Restricted for Future Periods	<u>(75,017)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 94,166

The Louisiana Symphony Association, Inc. manages liquidity through a variety of methods. One method is the organization deploys structured ask windows and sequence drops with its development committee. Another is the introduction of additional funds on an as needed basis through \$250,000 in available working capital lines of credit. A third is management of its own box office, which provides stronger cash flow than not managing internally. A fourth method of liquidity management is through dedicated reserves.

Despite all these active constructive measures, the Louisiana Symphony Association, Inc. remains structurally dependent on the fundraising efforts of the Irene W. & C. B. Pennington Great Performers (PGP) in Concert Series annual event. The net proceeds from this event for the 2021-2022 fiscal period were 11% of the organization's top line revenue. The Board is aware of the concentration risk this represents and is actively working to strengthen the core operations' financial performance to mitigate or dilute the concentration risks this event represents.

As of June 30, 2021, the Association had \$96,985 of financial assets available to meet cash needs for general expenditures within one year.

5. Property and Equipment

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

	Estimated Service Lives	2022	2021
Equipment	3 - 7 Years	\$ 750	\$ 750
Furniture and Fixtures	5 - 7 Years	32,925	30,121
Piano	20 Years	92,750	92,750
		126,425	123,621
Less: Accumulated Depreciation		(97,464)	(90,989)
		\$ 28,961	\$ 32,632

6. Fair Value Measurements

The *Fair Value Measurements and Disclosure* topic of FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021:

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 55,398	\$ -	\$ -	\$ 55,398
Mutual Funds	<u>611,263</u>	<u>-</u>	<u>-</u>	<u>611,263</u>
Total Assets at Fair Value	<u>\$ 666,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,661</u>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 165,987	\$ -	\$ -	\$ 165,987
Mutual Funds	<u>586,950</u>	<u>-</u>	<u>-</u>	<u>586,950</u>
Total Assets at Fair Value	<u>\$ 752,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,937</u>

7. Lines of Credit

The Association has available lines of credit totaling \$250,000 at June 30, 2022 and 2021, respectively, 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, 2022 and 2021, respectively, are as follows:

2022			
<u>Financial Institution</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity</u>
First Horizon	6.25% (variable)	\$ -	September 26, 2023
2021			
<u>Financial Institution</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity</u>
Iberia Bank	6.00% (variable)	\$ -	July 25, 2022

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

Net assets with donor restrictions were available for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
88 Keys	\$ 105,168	\$ 112,070
Endowment Income - Education	191,491	270,866
PGP Funds	139,695	-
Guest Artist Fund	48,729	38,698
Multi-year Promises to Give	75,017	5,160
Artistic Excellence	55,000	54,999
Total	<u>\$ 615,100</u>	<u>\$ 481,793</u>

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

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Multi-year Promises to Give	\$ 6,168	\$ 59,495
PGP Funds	13,038	107,500
Guest Artist Fund	15,000	-
Total	<u>\$ 34,206</u>	<u>\$ 166,995</u>

10. Unconditional promises to give at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in Less Than One Year	\$ 24,317	\$ 2,205
Receivable in One to Five Years	50,700	2,955
Total Unconditional Promises to Give	<u>\$ 75,017</u>	<u>\$ 5,160</u>

The scheduled payments on promises to give are as follows:

2023	\$ 59,842
2024	15,175
	<u>\$ 75,017</u>

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, 2022 and 2021, the Association holds net assets with donor restrictions that are perpetual in nature within an endowment account at Merrill Lynch. The principal amounts of \$506,502 and \$506,502 as a result of the donations received shall not be expended for any purpose whatsoever as of June 30, 2022 and 2021, respectively. The earnings of these funds are deposited in net assets without donor restrictions. The funds are under the direction and control of the Executive Director of the Association and he only acts with Finance Committee or Board approval, as appropriate. During the life of the donor for each endowment, an annual report of the expenditure of endowment income shall be made to the Donor(s) or his/her designee(s). There was a \$-0- increase and \$50,000 increase in the principal amount of the endowed account during the years ended June 30, 2022 and 2021, respectively.

12. Commitments

The Association entered into a professional services agreement on July 1, 2021. The agreement outlines the responsibilities of the third party to include accounting, finance, payroll, and tax related services. Future payments in accordance with this agreement are as follows:

2023	\$ 72,000
2024	72,000
	<hr/>
	\$ 144,000
	<hr/> <hr/>

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

Purpose:	Eric Marshall
	<hr/> 2022
Salary	\$ 92,250
Benefits - Insurance	<hr/> 2,774
Total	<hr/> \$ 95,024
	<hr/> <hr/>

14. Shuttered Venue Operators Grant Program

Shuttered Venue Operators Grant Program (“SVOG”) was created by the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, part of HR 133 Consolidated Appropriations Act, 2021 signed into law on December 27, 2020. This Act provided the initial funding and program eligibility qualifications. On March 11, 2021, the American Rescue Plan Act of 2021 provided additional program funding and clarifications on program design and implementation. All grantees receiving awards from the SVOG program are expected to utilize funding consistent with the terms and conditions of the program and 2 CFR Part 200.

Grantees are generally encouraged to use funds to reimburse or pay for ordinary and necessary business expenses to reopen or keep open a business that was shuttered during the COVID-19 pandemic. All grantees are required to submit a finalized budget to the Small Business Association through the SVOG Portal, which will outline the intended use of funds for the award and establish the budget basis for monitoring and closeout review.

SVOG award funds may be used for any of the following: Payroll costs, covered rent obligation, covered utility payment, scheduled payments of interest or principal on any covered mortgage obligation or certain debt instruments, covered worker protection expenditures, payments made to independent contractors, not to exceed \$100,000, other specific ordinary and necessary business expenses.

On September 24, 2021, the Association was awarded \$263,487. The Association has determined that it spent all monies on qualified expenses and therefore, the full amount of the award has been recorded as revenue on the Statement of Activities for the year ended June 30, 2022. The Association considered that the measurable performance or other barrier and right of return of the award no longer existed.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Symphony Association, Inc. (the "Association"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 22, 2022

LOUISIANA SYMPHONY ASSOCIATION, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

None.

LOUISIANA SYMPHONY ASSOCIATION, INC.

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

None.