

**LOUISIANA SYMPHONY ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

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, 2021 and 2020, 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.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2021 and 2020, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, 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,

*Hannia T. Bourgeois, LLP*

Baton Rouge, Louisiana  
December 17, 2021

**LOUISIANA SYMPHONY ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2021 AND 2020

**ASSETS**

	2021	2020
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 227,985	\$ 117,183
Restricted Cash	88,698	88,641
Investments - Restricted	246,435	153,927
Unconditional Promises to Give - Without Donor Restrictions	2,205	4,555
Receivables - With Donor Restrictions	10,500	12,300
Inventory	904	904
Prepaid Expenses and Other Assets	1,716	1,500
Total Current Assets	578,443	379,010
<b>Endowment Assets</b>	506,502	456,502
<b>Beneficial Interest in BR Symphony League</b>	94,927	82,011
<b>Long-Term Portion of Unconditional Promises to Give -</b>		
Without Donor Restrictions	2,955	57,450
<b>Property and Equipment, Net</b>	32,632	38,590
Total Assets	\$ 1,215,459	\$ 1,013,563

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts Payable	\$ 908	\$ 26,768
Outstanding Checks in Excess of Bank Balance	6,317	8,153
Lines of Credit	-	87,695
Current Portion of Note Payable - Payment Protection Program	-	38,504
Accrued Expenses	6,948	5,136
Deferred Revenues	-	36
Total Liabilities	14,173	166,292
<b>Long-Term Portion of Note Payable - Payment Protection Program</b>	-	49,496
<b>Net Assets:</b>		
Without Donor Restrictions:		
Undesignated (Deficit)	162,991	(84,232)
Designated by the Board for Operating Reserve	50,000	-
	212,991	(84,232)
With Donor Restrictions:		
Perpetual in Nature	506,502	456,502
Purpose Restrictions	476,633	363,500
Time-Restricted for Future Periods	5,160	62,005
	988,295	882,007
Total Net Assets	1,201,286	797,775
Total Liabilities and Net Assets	\$ 1,215,459	\$ 1,013,563

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

**LOUISIANA SYMPHONY ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Contributions:						
Endowment - Investment Income, Net	\$ -	\$ 112,444	\$ 112,444	\$ -	\$ 17,503	\$ 17,503
Individual	163,041	53,281	216,322	187,924	110,768	298,692
Corporate	43,250	23,500	66,750	79,600	26,000	105,600
Foundations	14,354	75,000	89,354	4,821	175,000	179,821
Board Members	9,940	5,000	14,940	3,972	36,869	40,841
League	46,100	-	46,100	-	42,000	42,000
Special Events	27,591	-	27,591	29,240	-	29,240
Government Grants	106,681	4,000	110,681	115,368	-	115,368
Program Service Fees						
Admission Sales	5,760	-	5,760	16,692	-	16,692
Subscriptions	59,750	-	59,750	73,142	-	73,142
Single Ticket Sales	26,058	-	26,058	261,672	-	261,672
Custom Hire/Fees for Service	8,900	-	8,900	50,489	-	50,489
Merchandise	2,819	-	2,819	606	-	606
Tuition and Dues	26,817	-	26,817	33,672	-	33,672
Investment Income	144	58	202	755	143	898
PPP Loan Forgiveness Income	176,027	-	176,027	-	-	-
Other Income	-	-	-	1,431	-	1,431
In Kind	946	-	946	110,198	-	110,198
Tax Credit Refund	133,654	-	133,654	-	-	-
Change in Beneficial Interest in League	12,916	-	12,916	28,722	-	28,722
Total Support and Revenue	864,748	273,283	1,138,031	998,304	408,283	1,406,587
Net Assets Released From Restriction	166,995	(166,995)	-	394,822	(394,822)	-
Total Revenues and Other Support	1,031,743	106,288	1,138,031	1,393,126	13,461	1,406,587
<b>Expenses:</b>						
Program Expenses	458,921	-	458,921	878,784	-	878,784
Supporting Services:						
Marketing	2,137	-	2,137	188,559	-	188,559
Development	20,834	-	20,834	50,670	-	50,670
General and Administrative Expenses	252,628	-	252,628	218,715	-	218,715
Total Expenses	734,520	-	734,520	1,336,728	-	1,336,728
<b>Change in Net Assets</b>	297,223	106,288	403,511	56,398	13,461	69,859
<b>Net Assets (Deficit) - Beginning of Year</b>	(84,232)	882,007	797,775	(140,630)	868,546	727,916
<b>Net Assets (Deficit) - End of Year</b>	<u>\$ 212,991</u>	<u>\$ 988,295</u>	<u>\$ 1,201,286</u>	<u>\$ (84,232)</u>	<u>\$ 882,007</u>	<u>\$ 797,775</u>

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
<b>Total Expenses</b>	<b>\$ 458,921</b>	<b>\$ 2,137</b>	<b>\$ 20,834</b>	<b>\$ 252,628</b>	<b>\$ 734,520</b>

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, 2020

	Program Expenses	Supporting Services			Total Expenses 2020
		Marketing	Development	General and Administrative	
Salaries and Wages	\$ 378,912	\$ -	\$ -	\$ 80,952	\$ 459,864
Payroll Taxes	24,904	-	-	6,236	31,140
Employee Benefits	4,721	-	-	3,162	7,883
Professional Services	182,862	-	-	58,314	241,176
Office Expense	-	-	-	1,796	1,796
Interest Expense	-	-	-	8,369	8,369
Depreciation	6,929	-	-	36	6,965
Insurance	-	-	-	23,176	23,176
Public Relations	6,099	105,809	-	-	111,908
Guest Artists	124,256	-	-	-	124,256
Concerts	129,498	-	-	-	129,498
Patron Services	20,603	-	-	-	20,603
In-Kind Donations	-	82,750	9,356	18,092	110,198
Other Expenses	-	-	41,314	18,582	59,896
<b>Total Expenses</b>	<b>\$ 878,784</b>	<b>\$ 188,559</b>	<b>\$ 50,670</b>	<b>\$ 218,715</b>	<b>\$ 1,336,728</b>

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, 2021 AND 2020

	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Increase in Net Assets	\$ 403,511	\$ 69,859
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Bad Debt Expense	-	14,680
Depreciation	6,708	6,965
Unrealized Loss (Gain) on Investments	(92,508)	3,483
Change in Beneficial Interest in BR Symphony League	(12,916)	(28,722)
PPP Loan Forgiveness	(176,027)	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	1,800	(17,621)
Prepaid Expenses	(216)	-
Unrestricted Unconditional Promises to Give	56,845	61,057
Inventory	-	(904)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(25,860)	5,967
Accrued Expenses	1,812	(2,084)
Deferred Revenues	(36)	(110,542)
Net Cash Provided by Operating Activities	163,113	2,138
<b>Cash Flows from Investing Activities:</b>		
Payments for Purchases of Property and Equipment	(750)	-
Purchase of Investments	(50,000)	(76,502)
Net Cash Used in Investing Activities	(50,750)	(76,502)
<b>Cash Flows from Financing Activities:</b>		
Principal Draws (Repayments) on Line of Credit, Net	(87,695)	(50,393)
Increase (Decrease) in Outstanding Checks in Excess of Bank Balance	(1,836)	1,111
Proceeds from Issuance of Debt	88,027	88,000
Net Cash Provided by (Used in) Financing Activities	(1,504)	38,718
Net Increase (Decrease) in Cash and Cash Equivalents	110,859	(35,646)
<b>Cash and Cash Equivalents at Beginning of Year</b>	205,824	241,470
<b>Cash and Cash Equivalents at End of Year</b>	\$ 316,683	\$ 205,824

CONTINUED

**LOUISIANA SYMPHONY ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash</b>	\$ 227,985	\$ 117,183
<b>Cash - Restricted</b>	<u>88,698</u>	<u>88,641</u>
	<u>\$ 316,683</u>	<u>\$ 205,824</u>
<b>Supplemental Disclosures:</b>		
Cash Paid During the Year for Interest	<u>\$ 4,364</u>	<u>\$ 8,369</u>
<b>Non-Cash Financing Activities:</b>		
PPP Loan Forgiveness	<u>\$ 176,027</u>	<u>\$ -</u>

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

# LOUISIANA SYMPHONY ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### 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.

#### Adoption of New Accounting Standard

During the year ended June 30, 2021, the Association has adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. The standard improves the usefulness and understandability of the Association's financial reporting. Analysis of the various provisions of this standard resulted in no significant changes in the way the Association recognized revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

#### 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, 2021 and 2020.

### 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 \$110,198 for the years ended June 30, 2021 and 2020, 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 2017. 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.

### 3. 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	\$ 227,985
Restricted Cash	88,698
Investments	246,435
Unconditional Promises to Give	5,160
Receivables	10,500
Endowment Assets	<u>506,502</u>
	1,085,280

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

#### Contractual or donor-imposed restrictions:

Perpetual in Nature	(506,502)
Purpose Restrictions	(476,633)
Time-Restricted for Future Periods	<u>(5,160)</u>

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

\$ 96,985

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 2020-2021 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. In response and recognition of that concentration, the fiscal year 2022 budget, will include \$25,000 of allocated monies from that event to mitigate that concentration dependency.

As of June 30, 2020, the Association had \$8,551 of financial assets available to meet cash needs for general expenditures within one year.

#### 4. Property and Equipment

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

	Estimated Service Lives	2021	2020
Equipment	3 - 7 Years	\$ 750	\$ -
Furniture and Fixtures	5 - 7 Years	30,121	30,121
Piano	20 Years	92,750	92,750
		123,621	122,871
Less: Accumulated Depreciation		(90,989)	(84,281)
		\$ 32,632	\$ 38,590

#### 5. 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, 2021 and 2020:

*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.



*Fixed Income:* Certificates of Deposits - Valued at fair value based on the price the Association would expect to receive if the assets were sold at year end.

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, 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>

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 14,963	\$ -	\$ -	\$ 14,963
Certificates of Deposit	116,432	-	-	116,432
Mutual Funds	<u>479,034</u>	<u>-</u>	<u>-</u>	<u>479,034</u>
Total Assets at Fair Value	<u>\$ 610,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,429</u>

## 6. Lines of Credit

The Association has available lines of credit totaling \$250,000 at June 30, 2021 and 2020, 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, 2021 and 2020, respectively, are as follows:

2021

<u>Financial Institution</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity</u>
Iberia Bank	6.00% (variable)	\$ -	July 25, 2022

2020

<u>Financial Institution</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity</u>
Iberia Bank	6.00% (variable)	\$ 87,695	July 25, 2021

## 7. Long Term Debt

The Association had no long-term debt as of June 30, 2021. At June 30, 2020, the long-term debt of the Association is comprised of the following:

	<u>2021</u>	<u>2020</u>
*Note payable under the PPP program of the CARES Act in the amount of \$88,000 dated April 13, 2020, bearing interest at 1.00% payable in full on April 13, 2022 with 18 monthly principal and interest payments beginning November 13, 2020, unless loan is forgiven as discussed further below.	\$ -	\$ 88,000
Less: Current Portion	-	(38,504)
Long-Term Portion	<u>\$ -</u>	<u>\$ 49,496</u>

\* See Note 8 regarding PPP Loan Forgiveness obtained.

## 8. PPP Loan Forgiveness

In April 2020, the Association qualified for and received loan proceeds in the principal amount of \$88,000 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP loan was unsecured and guaranteed by the SBA. The principal amount of the PPP loan was subject to forgiveness under the PPP upon the Association's request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments. The Association applied for forgiveness of the PPP loan with respect to these covered expenses, and in May 2021 the Association received the PPP loan forgiveness from the SBA. Therefore, as of June 30, 2021, and in accordance with generally accepted accounting principles, the Association has recognized PPP loan forgiveness income of \$88,000 as it considered that the measurable performance or other barrier and right of return of the PPP loan no longer existed and that the loan obligation is legally released.

In March 2021, the Association qualified for and received additional loan proceeds in the principal amount of \$88,027 pursuant to the Paycheck Protection Program (PPP) as part of the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act). The principal amount of the PPP loan was subject to forgiveness under the PPP upon the Association's request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments. The Association has applied for forgiveness of the PPP loan with respect to these covered expenses. As of June 30, 2021, the Association believes it has substantially met the requirements for the PPP loan forgiveness. Therefore, in accordance with generally accepted accounting principles, the Association has recognized PPP loan forgiveness income of \$88,027 as it considered that the measurable performance or other barrier and right of return of the PPP loan no longer existed. Subsequent to June 30, 2021, the Association received the PPP loan forgiveness from the SBA.

PPP loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over \$2 million will be fully audited and loans under \$2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness.

9. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
88 Keys	\$ 112,070	\$ 103,074
Endowment Income - Education	270,866	167,417
Guest Artist Fund	38,698	38,640
Multi-year Promises to Give	5,160	62,005
Artistic Excellence	54,999	30,000
ML Restricted Cash	-	24,369
Total	<u>\$ 481,793</u>	<u>\$ 425,505</u>

10. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowment Income - Education	\$ -	\$ 18,400
88 Keys	-	1,600
Corporate - Time Restricted	-	-
Multi-year Promises to Give	59,495	109,822
PGP	107,500	261,000
Guest Artist Fund	-	4,000
Total	<u>\$ 166,995</u>	<u>\$ 394,822</u>

11. Unconditional promises to give at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in Less Than One Year	\$ 2,205	\$ 4,555
Receivable in One to Five Years	2,955	57,450
Total Unconditional Promises to Give	<u>\$ 5,160</u>	<u>\$ 62,005</u>

The scheduled payments on promises to give are as follows:

2022	\$ 2,205
2023	2,105
2024	850
	<u>\$ 5,160</u>

## 12. 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, 2021 and 2020, 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 \$456,502 as a result of the donations received shall not be expended for any purpose whatsoever as of June 30, 2021 and 2020, 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 \$50,000 increase and \$76,502 increase in the principal amount of the endowed account during the years ended June 30, 2021 and 2020, respectively.

## 13. 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:

2022	\$ 72,000
2023	72,000
2024	72,000
	<hr/>
	\$ 216,000
	<hr/> <hr/>

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

<b>Purpose:</b>	Eric Marshall
	<u>2021</u>
Salary	\$ 87,083
Benefits - Insurance	1,183
Benefits - Retirement	<u>2,700</u>
Total	<u>\$ 90,966</u>

## 15. Subsequent Events

Subsequent to year end, the Association received formal forgiveness from the SBA for the PPP loans as further discussed in Note 8 to these financial statements. Subsequent to year end, the Association received \$263,487 in a Shuttered Venue Operators Grant received under the SBA COVID-19 Relief Program.

The management of the Association evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through December 17, 2021, the date which the financial statements were available to be issued.



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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, 2021, 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 17, 2021.

**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 17, 2021

**LOUISIANA SYMPHONY ASSOCIATION, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

None.

**LOUISIANA SYMPHONY ASSOCIATION, INC.**

**SUMMARY SCHEDULE OF PRIOR FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2020

None.