

Financial Report

French Quarter Festivals, Inc.

December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
French Quarter Festivals, Inc.,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of French Quarter Festivals, Inc. (the "Organization") (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payment to Agency Head or Chief Executive Officer (Schedule 1) is presented for the purpose of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial 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.



Certified Public Accountants.

New Orleans, Louisiana,
June 6, 2024.

STATEMENT OF FINANCIAL POSITION**French Quarter Festivals, Inc.**
New Orleans, LouisianaDecember 31, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,790,001	\$ 1,423,876
Accounts receivable	41,562	1,775
Investments, at fair value	1,424,992	1,579,942
Prepaid expenses	2,583	25,025
Operating lease right-of-use asset	368,649	454,854
Property and equipment, net	<u>13,661</u>	<u>1,777</u>
Total assets	<u>\$ 3,641,448</u>	<u>\$ 3,487,249</u>
LIABILITIES		
Accounts payable	\$ 15,418	\$ 5,467
Accrued payroll liabilities	108	126
Accrued interest	6,053	9,403
Deferred revenue	190,132	163,756
Operating lease liability	374,314	454,854
Note payable	<u>150,000</u>	<u>150,000</u>
Total liabilities	736,025	783,606
NET ASSETS		
Without donor restrictions:		
Undesignated	1,689,449	1,523,086
Board designated	<u>1,215,974</u>	<u>1,180,557</u>
Total unrestricted net assets	<u>2,905,423</u>	<u>2,703,643</u>
Total liabilities and net assets	<u>\$ 3,641,448</u>	<u>\$ 3,487,249</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**French Quarter Festivals, Inc.**
New Orleans, LouisianaFor the year ended December 31, 2023
(with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 (Totals Only)
Revenues and Other Support				
Sponsorship revenue	\$2,384,599	\$ -	\$2,384,599	\$1,919,877
Food and beverage sales	1,779,474	-	1,779,474	1,615,309
Contributed nonfinancial assets	1,217,511	-	1,217,511	1,143,903
Contributions	278,841	-	278,841	298,834
Merchandise sales	290,728	-	290,728	273,570
Sustainability contract	249,460	-	249,460	163,477
Ticket sales	-	-	-	52,208
Advertising	33,824	-	33,824	36,899
Investment and interest income, net	71,259	-	71,259	35,960
Grants	80,389	-	80,389	34,765
Miscellaneous	15,187	-	15,187	26,558
	<u>6,401,272</u>	<u>-</u>	<u>6,401,272</u>	<u>5,601,360</u>
Total revenues and other support				
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>6,401,272</u>	<u>-</u>	<u>6,401,272</u>	<u>5,601,360</u>
Expenses				
Program services	5,957,678	-	5,957,678	5,082,763
Management and general	229,415	-	229,415	187,763
Fundraising	12,399	-	12,399	10,942
	<u>6,199,492</u>	<u>-</u>	<u>6,199,492</u>	<u>5,281,468</u>
Total expenses				
Increase in Net Assets	201,780	-	201,780	319,892
Net Assets				
Beginning of year	<u>2,703,643</u>	<u>-</u>	<u>2,703,643</u>	<u>2,383,751</u>
End of year	<u>\$2,905,423</u>	<u>\$ -</u>	<u>\$2,905,423</u>	<u>\$2,703,643</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**French Quarter Festivals, Inc.**
New Orleans, LouisianaFor the year ended December 31, 2023
(with comparative totals for 2022)

	Program Services	Management and General	Fundraising	2023 Totals	2022 Totals Only
Event logistics	\$ 1,577,733	\$ -	\$ -	\$ 1,577,733	\$ 1,297,048
In-kind sponsorship	1,217,511	-	-	1,217,511	1,143,903
Salaries	655,447	99,079	7,622	762,148	702,900
Music expense	716,783	-	-	716,783	640,436
Food and beverage	647,783	-	-	647,783	550,382
Advertising and promotions	259,042	-	-	259,042	206,377
Payroll taxes and benefits	156,769	23,698	1,822	182,289	158,396
Sponsorship expense	178,554	-	-	178,554	172,310
Merchandise expense	136,449	-	-	136,449	47,002
Miscellaneous	94,206	14,240	1,095	109,541	68,046
Rent	79,499	12,017	925	92,441	84,103
Technology	70,629	-	-	70,629	35,939
Insurance	58,184	8,795	677	67,656	55,944
Festival events	62,980	-	-	62,980	34,427
Bank fees	-	33,243	-	33,243	15,734
Volunteer expense	23,936	-	-	23,936	13,908
Utilities	19,618	2,965	228	22,811	22,990
Professional fees	-	18,181	-	18,181	16,288
Dues and subscriptions	-	11,646	-	11,646	8,391
Interest	-	4,342	-	4,342	4,005
Depreciation	2,555	386	30	2,971	1,844
Bad debt	-	823	-	823	1,095
	<u>\$ 5,957,678</u>	<u>\$ 229,415</u>	<u>\$ 12,399</u>	<u>\$ 6,199,492</u>	<u>\$ 5,281,468</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**French Quarter Festivals, Inc.**
New Orleans, LouisianaFor the year ended December 31, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 201,780	\$ 319,892
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Bad debt	823	1,095
Depreciation	2,971	1,844
Unrealized (gain) loss on investments	(2,699)	513
Accrued operating lease obligations	5,665	-
(Increase) decrease in assets:		
Accounts receivable	(40,610)	65,120
Prepaid expenses	22,442	(25,025)
Increase (decrease) in liabilities:		
Accounts payable	9,951	(643)
Accrued payroll liabilities	(18)	(5,306)
Accrued interest	(3,350)	2,723
Deferred revenues	26,376	(928,767)
	<u>223,331</u>	<u>(568,554)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities		
Purchase of investments	(433,444)	(434,283)
Proceeds from sales of investments	591,093	-
Purchase of property and equipment	(14,855)	-
	<u>142,794</u>	<u>(434,283)</u>
Net cash provided by (used in) investing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	366,125	(1,002,837)

Cash and Cash Equivalents

Beginning of year 1,423,876 2,426,713

End of year \$1,790,001 \$1,423,876

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest \$ 7,692 \$ 1,282

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**French Quarter Festivals, Inc.**
New Orleans, Louisiana

December 31, 2023 and 2022

Note 1 - NATURE OF OPERATIONS

French Quarter Festivals, Inc. (the “Organization”) is a not-for-profit organization established in 1984. The Organization’s mission is to promote the Vieux Carre and the City of New Orleans through high quality special events and activities that showcase the culture and heritage of this unique city, contribute to the economic well-being of the community, and instill increased pride in the people of New Orleans. To accomplish this mission, the Organization annually produces three festivals: French Quarter Festival, Satchmo SummerFest, and Holidays New Orleans Style.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

French Quarter Festivals, Inc. is a non-profit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code (IRC).

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity’s financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Tax years ended December 31, 2020 and later remain subject to examination by the taxing authorities. As of December 31, 2023, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

b. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation

The Organization has classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Support, revenues, and expenses for the general operation of the Organization. The Board has designated certain of its net assets without donor restrictions for a contingency fund.

Net Assets With Donor Restrictions - Contributions and grants specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period. As of December 31, 2023 and 2022 there were no net assets with donor restrictions.

d. 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 disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Short-term investments held in treasury bonds with original maturities of three months or less reported as cash equivalents totaled \$209,093 as of December 31, 2023. There were no short-term investments reported as cash equivalents as of December 31, 2022.

f. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2023 and 2022, management has determined that no allowance is necessary.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Investments

Investments are comprised of an annuity contract reported at contract value as well as United States Treasury Bonds and mutual funds reported at fair value based on quoted market prices for the investments. Realized and unrealized gains and losses are included in investment income in the accompanying Statement of Activities.

h. Right-of-Use Assets and Lease Liabilities

Right-of-use (“ROU”) assets represent the Organization’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Organization’s obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the Organization’s incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Organization will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Finance lease expense is recognized as amortization of the right to use asset and interest expense. As permitted by Accounting Standards Codification (ASC) 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying Statement of Financial Position.

i. Property and Equipment

Property and equipment consist of equipment and is stated at cost or, if contributed, at fair market value at date of donation, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation provided on a straight-line basis over the estimated useful lives of the related assets. Equipment is depreciated over five years. Only major replacements and improvements with a cost in excess of \$5,000 are capitalized and included in property and equipment.

j. Deferred Revenue

Sponsorships and revenue from contracts not yet performed are deferred and recognized as revenue in the period in which the obligations are completed.

k. Contributions

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Contributions (Continued)

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor 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 are reported in the Statement of Activities as net assets released from restrictions.

l. Contributed Nonfinancial Assets and Services

Contributed nonfinancial assets and services are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. The Organization receives a substantial amount of contributed services from unpaid volunteers who assist in carrying out the Organization's mission. No amounts have been recorded in the financial statements for contributed services from unpaid volunteers because they did not meet the criteria for recognition and there is no objective basis available to measure the value of such services.

m. Revenue Recognition

The Organization has multiple sources of revenue that are accounted for as an exchange transaction including sponsorship agreements, sustainability contracts and vending agreements.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Topic 606, "*Revenue from Contracts with Customers*", and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Sponsorship revenues consist of amounts that sponsoring organizations pay in order to be recognized and receive advertising and other benefits in return for their contribution to the production of a festival. Sponsors provide revenues and receive benefits of varying levels.

Sustainability contracts consist of amounts paid by outside organizations in return for festivals operated by the Organization meeting or exceeding certain sustainability goals specified in contracts.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Revenue Recognition (Continued)

Vending agreements consist of amounts paid by vendors to maintain a space at festivals to sell food and merchandise. These amounts totaled \$480,106 and \$407,174 for the years ended December 31, 2023 and 2022, respectively, and are included in food and beverage sales on the Statement of Activities.

Deferred revenues related to sponsorship agreements, sustainability contracts, and vending agreements constitute contract liabilities representing amounts received from customers for which satisfaction of the performance obligation has not yet been satisfied. Typically, these performance obligations are satisfied during the next year's festival. These amounts are included with Deferred revenues on the Statement of Financial Position.

Accounts receivable related to sponsorship agreements, sustainability contracts, and vending agreements constitute contract assets representing amounts due from customers for performance obligations which have been satisfied. These amounts are included with Accounts receivable on the Statement of Financial Position.

Contract assets and liabilities as of January 1, 2022, December 31, 2022, and December 31, 2023 were as follows:

	<u>Contract Receivables</u>	<u>Contract Liabilities</u>
January 1, 2022	<u>\$ 12,609</u>	<u>\$ 1,092,523</u>
December 31, 2022	<u>\$ -</u>	<u>\$ 163,756</u>
December 31, 2023	<u>\$ 10,200</u>	<u>\$ 190,132</u>

n. Functional Allocation of Expenses

Most expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and payroll taxes and benefits which are allocated on the basis of estimates of time and effort. Additionally, rent, miscellaneous, insurance, utilities, and depreciation are allocated based on estimated use of utilization.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards

Measurement of Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses*” (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. The ASU was adopted for the year ended December 31, 2023 and its adoption did not have a material impact on the financial statements.

p. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2023. Management has performed their analysis through June 6, 2024, the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several local financial institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of December 31, 2023, the Organization had approximately \$1,110,000 of cash deposits in excess of the insured limits.

Note 4 - INVESTMENTS

Certain investments of the Organization are invested in an annuity contract. The investment contract is fully benefit-responsive. Contract value is the relevant measurement attribute for the investments. Contract value, as reported by the issuer, represents contributions made to the contract, plus earnings, less withdrawals and administrative expenses. The Organization may direct the withdrawal or transfer of all or a portion of the investment contract value.

The issuer guarantees the interest rate earned on funds in the contract. The guaranteed rate is declared annually (3% for both of the years ended December 31, 2023 and 2022).

Investments as of December 31, 2023 and 2022 are comprised of the following:

	2023		
	Cost	Market	Excess Market Over Cost
Annuity contract	\$1,215,974	\$1,215,974	\$ -
Bonds	200,346	202,532	2,186
Mutual funds	6,486	6,486	-
Totals	<u>\$1,422,806</u>	<u>\$1,424,992</u>	<u>\$2,186</u>
	2022		
	Cost	Market	Excess Cost Over Market
Annuity contract	\$1,180,557	\$1,180,557	\$ -
Bonds	394,679	394,166	(513)
Mutual funds	5,219	5,219	-
Totals	<u>\$1,580,455</u>	<u>\$1,579,942</u>	<u>\$ (513)</u>

Note 4 - INVESTMENTS (Continued)

	2023		Excess Market Over Cost (Cost Over Market)
	Cost	Market	
Balance, December 31, 2023	<u>\$ 1,422,806</u>	<u>\$ 1,424,992</u>	\$ 2,186
Balance, December 31, 2022	<u>\$ 1,580,455</u>	<u>\$ 1,579,942</u>	(513)
Increase in unrealized appreciation			2,699
Interest income from investments			52,461
Investment fees			<u>(1,018)</u>
Investment income, net			<u>\$54,142</u>
	2022		
	Cost	Market	Excess Cost Over Market
Balance, December 31, 2022	<u>\$ 1,580,455</u>	<u>\$ 1,579,942</u>	\$ (513)
Balance, December 31, 2021	<u>\$ 1,146,172</u>	<u>\$ 1,146,172</u>	-
Increase in unrealized depreciation			(513)
Interest income from investments			34,717
Investment fees			<u>(332)</u>
Investment income, net			<u>\$33,872</u>

The Organization also recognized interest income from cash accounts of \$17,117 and \$2,088 during the years ended December 31, 2023 and 2022, respectively.

Note 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

United States Treasury Bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

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

Annuity Contract: Valued at the NAV of the annuity contract. The NAV, as provided by the issuer, is used as a practical expedient to estimate fair value. The NAV is based on the contract value of the amounts contributed into the account; less any withdrawals or transfers out plus accrued interest. Earnings are determined by the daily crediting of interest which is subject to minimum contractual guarantees.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2023 and 2022:

Description	2023 Based on			Totals
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
United States				
Treasury bonds	\$ 202,532	\$ -	\$ -	\$ 202,532
Mutual funds	6,486	-	-	6,486
Investments measured at contract value*	-	-	-	1,215,974
Totals	<u>\$ 209,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,424,992</u>
	2022 Based on			
Description	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Totals
United States				
Treasury bonds	\$ 394,166	\$ -	\$ -	\$ 394,166
Mutual funds	5,219	-	-	5,219
Investments measured at contract value*	-	-	-	1,180,557
Totals	<u>\$ 399,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,579,942</u>

* In accordance with FASB ASC Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Financial Position.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments for which fair value is measured using NAV per share as a practical expedient as of December 31, 2023 and 2022:

	2023			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Annuity contract	\$1,215,974	N/A	Daily	N/A
	2022			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Annuity contract	\$1,180,557	N/A	Daily	N/A

As of December 31, 2023 and 2022, there were no assets measured at fair value on a non-recurring basis.

Note 6 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Computer equipment	\$36,363	\$40,342
Less accumulated depreciation	(22,702)	(38,565)
Totals	\$13,661	\$ 1,777

Depreciation expense totaled \$2,971 and \$1,844 for the years ended December 31, 2023 and 2022, respectively.

Note 7 - LEASES

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

Note 7 - LEASES (Continued)

Short-Term Leases

The Organization maintains short-term leases for storage space on a month-to-month basis under various agreements that call for payments ranging from \$174 to \$367 per month.

Operating Leases

The Organization entered into a lease agreement for office space on June 7, 2017, which expired January 7, 2023. The lease has been renewed for an additional five-year period and will now expire on January 7, 2028. Initial lease payments are \$7,635 per month under the extension and will continue to increase annually at a rate of 3%.

Leases reported under FASB ASC 842 for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Lease cost		
Operating lease costs	<u>\$105,038</u>	<u>\$ 91,552</u>
Operating lease right-of-use assets	<u>\$368,649</u>	<u>\$454,854</u>
Operating lease liabilities	<u>\$374,314</u>	<u>\$454,854</u>
Weighted-average information		
Weighted-average remaining lease in years	4	5
Weighted-average discount rate:		
Operating leases	2.70%	2.70%

Note 7 - LEASES (Continued)

Operating Leases (Continued)

Future minimum lease payments as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 94,372
2025	97,203
2026	100,119
2027	<u>103,123</u>
Total minimum lease payments	394,817
Less amount representing interest	<u>(20,503)</u>
Present value of operating lease liabilities	<u>\$374,314</u>

Note 8 - DEFERRED REVENUE

As of December 31, 2023 and 2022 the Organization's deferred revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Sponsorships	\$ 114,730	\$ 102,500
Ticket sales	43,292	41,156
Music sponsorships	<u>32,110</u>	<u>20,100</u>
Totals	<u>\$ 190,132</u>	<u>\$ 163,756</u>

Note 9 - NOTE PAYABLE

On May 30, 2020, the Organization received a \$150,000 loan from the United States Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program. The loan bears interest at a rate of 2.75% and is payable in equal monthly payments of principal and interest of \$641 beginning 30 months after the date of the loan and continuing for 30 years, with all unpaid principal and interest due at maturity. The loan is secured by substantially all assets owned by the Organization.

Note 9 - NOTE PAYABLE (Continued)

Future principal payments on the EIDL loan as of December 31, 2023 are summarized as follows:

<u>Year Ending December 31,</u>	
2024	\$ -
2025	930
2026	3,638
2027	3,740
2028	3,741
Thereafter	<u>137,951</u>
Total	<u>\$ 150,000</u>

Interest expense on the note totaled \$4,342 and \$4,005 for the years ended December 31, 2023 and 2022, respectively.

Note 10 - DESIGNATED NET ASSETS

As of December 31, 2023 and 2022, the Board of Directors designated \$1,215,974 and \$1,180,557, respectively of its net assets to be held for contingencies such as festival rain-outs.

Note 11 - CONTRIBUTED NONFINANCIAL ASSETS

During the years ended December 31, 2023 and 2022 the Organization received support from donors of nonfinancial assets. The value of contributed nonfinancial assets, including goods and services received, are based on estimates provided by donors and reviewed by management. The contributed nonfinancial assets did not have donor-imposed restrictions.

Note 11 - CONTRIBUTED NONFINANCIAL ASSETS (Continued)

During the years ended December 31, 2023 and 2022, contributed nonfinancial assets were comprised of the following:

	2023	2022
Festival logistics	\$ 528,833	\$ 514,751
Media and advertising	356,300	308,733
Festival space	197,210	139,250
Food and beverages	57,950	100,915
Hotel rooms	77,218	80,254
Totals	\$ 1,217,511	\$ 1,143,903

All contributed nonfinancial assets were utilized in the production of French Quarter Festival, Satchmo SummerFest, and Holidays New Orleans Style.

Note 12 - RETIREMENT PLAN

The Organization matches employee contributions through a Savings Incentive Match Plan for Employees (SIMPLE) Individual Retirement Account (IRA) Plan (the “Plan”). According to the Plan, the Organization matches 100% of contributions made by eligible employees up to a maximum of 3% of their eligible salary. For the years ended December 31, 2023 and 2022, the Organization’s contributions to the Plan were \$17,035 and \$16,634, respectively.

Note 13 - AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by sponsorship and grant revenue. The Organization may also be supported by contributions with or without donor restrictions in various years. If the Organization receives a donation where a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions related to managing short-term cash reserves in a prudent manner.

Note 13 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the Organization's financial assets as of December 31, 2023 and 2022 reduced by amounts not available for general use because of donor-imposed restrictions and other limitations:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,790,001	\$ 1,423,876
Accounts receivable	41,562	1,775
Investments, at fair value	<u>1,424,992</u>	<u>1,579,942</u>
Total financial assets	3,256,555	3,005,593
Financial assets available to meet cash needs for general expenditures within one year before governing board designations	3,256,555	3,005,593
Less: governing board designations	<u>(1,215,974)</u>	<u>(1,180,557)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,040,581</u></u>	<u><u>\$ 1,825,036</u></u>

SUPPLEMENTAL INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

French Quarter Festivals, Inc.
New Orleans, Louisiana

For the year ended December 31, 2023

Agency Head Name: Emily Madero, President and Chief Executive Officer

Purpose

Salary	\$	-
Benefits - insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other		-
		<hr/>
	\$	- *
		<hr/> <hr/>

* None of the President and Chief Executive Officer's salary, benefits, and other compensation is paid through public funding.