THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

P&N
Postlethwaite & Netterville
A Professional Accounting Corporation
www.pncpa.com

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

CONTENTS

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The New Orleans Center for Creative Arts Institute
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the New Orleans Center for Creative Arts Institute (a nonprofit organization) and subsidiaries (collectively, the Institute), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

P&N
Postlethwaite & Netterville

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Center for Creative Arts Institute and subsidiaries as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. Given the continuing uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements on pages 23 through 26 and schedule of compensation, benefits and other payments to agency head on page 27 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the Institute'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's 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 Institute's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
December 2, 2020

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

A S S E T S

Current assets:		
Cash and cash equivalents	$	3,507,460
Prepaid expenses		59,803
Total current assets		3,567,263
Art work		85,370
Promises to give, restricted for long-term purposes, net of discount of $17,397		795,153
Rent receivables		2,250,282
Notes receivable		6,252,982
Property and equipment, net		24,396,514
Investments - funds held by the Greater New Orleans Foundation		1,119,103
Total assets	$	38,466,667

L I A B I L I T I E S A N D N E T A S S E T S

Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$	201,519
Bonds payable, current portion		200,000
Loans payable, current portion		477,204
Total current liabilities		878,723
Bonds payable, net of unamortized bond issuance costs		8,883,486
Loans payable		12,022,796
Total liabilities		21,785,005
Net assets:		
Without donor restrictions		
NOCCA Institute and Subsidiaries		13,389,214
Noncontrolling interest in Subsidiary		257,111
With donor restrictions		3,035,337
Total net assets		16,681,662
Total liabilities and net assets	$	38,466,667

The accompanying notes are an integral part of this financial statement.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Support:			
Contributions and grants	$ 486,301	$ 424,026	$ 910,327
Special events, net of expenses of $162,627	94,202	-	94,202
Public performance series/exhibitions	85,042	-	85,042
Paycheck Protection Program loan forgiveness	183,600	-	183,600
Revenues:			
Investment income, net	31,231	12,057	43,288
Forum project:			
Interest income on loans receivable	91,139	-	91,139
QZAB interest expense subsidy	292,027	-	292,027
Sale of goods and services	162,166	-	162,166
Rental income	1,024,369	-	1,024,369
Miscellaneous	10,564	-	10,564
Total support and revenues	2,460,641	436,083	2,896,724
Net assets released from restriction	900,531	(900,531)	-
Total support, revenues, and net assets released from restriction	3,361,172	(464,448)	2,896,724
Expenses:			
Program	2,694,445	-	2,694,445
Management and general	802,873	-	802,873
Fundraising	61,395	-	61,395
Total expenses	3,558,713	-	3,558,713
Changes in net assets	(197,541)	(464,448)	(661,989)
Net assets			
Beginning of the year	13,843,866	3,499,785	17,343,651
End of the year	$ 13,646,325	$ 3,035,337	$ 16,681,662

The accompanying notes are an integral part of this financial statement.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program	Management & General	Fundraising	Total
Expenses				
Salaries and benefits	$ 507,029	$ 341,729	$ 141,552	$ 990,310
Depreciation and amortization	710,808	95,088	-	805,896
Interest	417,860	-	-	417,860
NOCCA administration & other	371,323	-	-	371,323
Professional fees	72,231	95,520	90	167,841
Occupancy	121,980	20,018	2,106	144,104
Rent	140,000	-	-	140,000
Other	4,603	61,338	-	65,941
Insurance	88,472	22,177	-	110,649
Artists in residence	69,414	-	-	69,414
Repairs and maintenance	43,634	8,682	-	52,316
Events	48,719	700	50,493	99,912
In-kind parking lot	-	48,618	-	48,618
Administrative	4,218	42,497	2,690	49,405
Cost of goods sold	40,238	-	-	40,238
Property taxes	37,306	-	-	37,306
Printing, mailing, and copying	7,357	17,187	20,615	45,159
In-kind office rent	-	29,400	-	29,400
Travel & entertainment	1,120	19,662	966	21,748
Advertising	7,443	257	5,511	13,210
Licenses and permits	690	-	-	690
Total expenses	$ 2,694,445	$ 802,873	$ 224,022	$ 3,721,340
Less expenses included with revenues on the consolidated statement of activities				
Special events	-	-	(162,627)	(162,627)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,694,445	$ 802,873	$ 61,395	$ 3,558,713

The accompanying notes are an integral part of this financial statement.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(661,989)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		797,421
Amortization		8,475
Investment earnings		(12,057)
Donated artwork		(6,405)
Change in discount on promises to give		(39,080)
Changes in operating assets and liabilities:		
Promises to give and other receivables		683,514
Prepaid expenses		(11,273)
Rent receivables		(428,625)
Accounts payable and accrued expenses		116,827
Net cash provided by operating activities		446,808
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(21,000)
Proceeds from sales and maturities of investments		67,584
Purchases of property and equipment		(49,577)
Payments on note recevable		56,014
Net cash provided by investing activities		53,021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on bonds payable		(481,000)
Net cash used in financing activities		(481,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,829
CASH AND CASH EQUIVALENTS:		
Beginning of the year		3,488,631
End of the year	$	3,507,460
DISCLOSURE OF NON-CASH ITEMS:		
In-kind revenue and expense	$	138,062
Interest expense subsidy	$	292,027
DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid -NOCCA Real Estate	$	141,167

The accompanying notes are an integral part of this financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Activities

The New Orleans Center for Creative Arts Institute (the Institute) is a nonprofit corporation which provides supplemental funding and community support for the New Orleans Center for Creative Arts (a program funded and administered by the State of Louisiana, NOCCA). The Institute funds various classes and workshops for both NOCCA and the general public and provides financial aid to certain disadvantaged young artists enrolled in the program. The Institute acted as the planner, facilitator, developer and fundraiser to provide a new facility, including furniture and equipment, for NOCCA. The facility was completed in January of 2000 and was transferred to and is owned and operated by the State of Louisiana for regional arts education. The Institute continues to facilitate capital expansion projects, as needed and provide furniture and equipment to NOCCA and oversee third party use of the facility. (See Note 4)

These financial statements have been presented on a consolidated basis to include all accounts of the New Orleans Center for Creative Arts Institute and its subsidiaries.

The Institute's wholly owned subsidiary, The NOCCA Institute Culinary Operations, LLC (Culinary Operations), is a for profit entity that was formed in 2013. Culinary Operations manages and operates Press Street Gardens and 5 Press Art Gallery. These are retail operations open to the general public through special event rentals in order to increase earned income for the Institute while also providing educational and job training opportunities to NOCCA students, faculty, and alumni.

The Institute's wholly owned subsidiary, The NOCCA Institute Investments, Inc. (TNII), is a for profit entity that was formed in 2013. TNII owns 94% of NOCCA Real Estate, LLC (NOCCA Real Estate), a subsidiary of TNII. The remaining ownership of NOCCA Real Estate is held by a third party and an entity controlled by a private real estate developer. NOCCA Real Estate was created to develop the Forum building, as described in Note 4. TNII has no other activities.

All significant inter-entity account balances and transactions have been eliminated.

2. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements of the Institute are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Institute's management and the board of directors.

2. Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds 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.

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.

Income taxes

The New Orleans Center for Creative Arts Institute is a nonprofit corporation organized under the laws of the State of Louisiana. The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

Management has reviewed Culinary Operations, TNII, and NOCCA Real Estate for any potential tax effects as of June 30, 2020. The Institute has determined that no tax expense or provision or tax asset or liability should be provided for in the consolidated financial statements of the Institute.

Accounting Standards Codification (ASC) "Accounting for Uncertainty in Income Taxes" clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires companies to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The Institute applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. The Institute has reviewed its tax positions and determined there are no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

Cash and cash equivalents

The Institute considers cash on deposit with financial institutions and all highly liquid investments in bank money market funds to be cash equivalents.

Promises to give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All promises to give are deemed by management to be collectible. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

2. Summary of Significant Accounting Policies (continued)

Investments

The Institute records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Art work

The Institute capitalizes donated works of art which are valued at management's best estimate of fair value as of the date of acquisition. Works of art are not depreciated by the Institute.

Property and equipment

The Institute records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Institute reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Bond issuance costs

Bond issuance costs are amortized over the period the bonds are expected to be outstanding using the straight-line method. Unamortized costs are netted with the long term debt on the consolidated statement of financial position.

Contributions and revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

2. Summary of Significant Accounting Policies (continued)

Contributions and revenue recognition (continued)

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Sales revenues for Culinary Operations are recognized when food items are sold or as services are provided. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Long term rental revenue related to leases with variable terms are recognized on a straight-line basis.

In-kind support

The Institute and NOCCA have entered into a written agreement under which the Institute will rent office space from the school, in exchange for the services the Institute provides as part of its exempt purpose. In-kind revenues and the related expenses have been recorded for both transactions. The Institute records the value of in-kind support related to the free use of its office facilities, which amounted to $29,400 for the year ended June 30, 2020.

The Institute records the value of in-kind support related to the free use of 111 parking spaces in the parking lot, which amounted to $48,618 for the year ended June 30, 2020. This in-kind rental support is calculated based on the fair rental of the parking space for a day with the consideration that the lot is usually occupied for sixty percent of the year.

The Institute recognized $60,044 in revenues and expenses for other donated goods and services.

In-kind support is included in contributions and grants revenue on the consolidated statement of activities and changes in net assets.

2. Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Expenses that apply to more than one functional category have been allocated between program services and support services based on the actual time spent on these functions. Depreciation, amortization, property taxes, and insurance expenses are allocated based on properties utilized by the program versus those properties used for management and general operations. All other costs are charged directly to the appropriate functional category.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Adoption of Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08 *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU was effective for the Institute's June 30, 2020 year-end.

The adoption of this pronouncement had no impact on the Institute's total net assets.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU is effective for the Institute's June 30, 2023 year-end.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU is effective for the Institute's June 30, 2021 year-end.

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

3. Liquidity and Availability of Resources

The following represents the Institute's financial assets and those available to meet general expenditures over the next twelve months at June 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	$3,507,460
Promises to give	795,153
Notes receivable	6,252,982
Investments	1,119,103
Total financial assets	11,674,698
Less amounts not available to be used within one year:	
Promises to give	185,000
Notes receivable	6,252,982
Net assets with perpetual donor restrictions	1,119,103
	7,557,085
Financial assets available to meet general expenditures over the next twelve months	$4,117,613

The Institute's goal is generally to maintain financial assets to meet six months of operating expenses (approximately $750,000). The Institute has a $750,000 line of credit available to meet cash flow needs.

4. NOCCA Chevron Forum

Through its consolidated subsidiary, NOCCA Real Estate, the Institute developed a historic warehouse adjacent to the current campus and renovated it as a 60,000 square foot learning environment for the purpose of NOCCA's expanded programs of the Academic Studio and Culinary Arts.

The NOCCA Chevron Forum (the Forum) features:

- Math/science labs
- Fabrication studio for hands-on inquiry, robotics and engineering projects
- Project lab for creating work presentations
- Flexible classrooms
- Culinary Arts facilities
- Great Lobby and Dining Hall
- Café and art gallery for public access (operated by the Institute)
- Tenant office space, including offices for the Institute

4. NOCCA Chevron Forum (continued)

The Forum has a complex financing structure utilizing Quality Zone Academy Bonds (QZAB) in the amount of $14,000,000 (the Bonds), federal and state New Markets Tax Credits (NMTC), Qualified Low Income Community Investment loans (OLICI Loans), and federal and state Historic Tax Credits. This financing arrangement was finalized in December 2013 (the Arrangement). Construction of the Forum was completed in the fall of 2014. The NOCCA Institute leases the building and subleases approximately 77% of the building to NOCCA for use as a school and 11% to JAM Nola for office space. The remaining 12% is occupied and operated by the Institute in order to generate income for debt service and operations.

The Arrangement required the Institute to: (1) borrow $14,000,000 of Bond proceeds (2) obtain a $1,185,000 loan from a first commercial bank to bridge certain capital campaign donations, (3) obtain a $2,110,479 loan from a second commercial bank to bridge a portion of the state historic tax credit equity and a portion of the developer fee donation, (4) sell approximately $5 million of state historic tax credits which will produce approximately $4 million in equity for the Institute, (5) loan $6,031,996 in the aggregate to the commercial banks' investment funds, (6) own 94% of the membership interests in the Qualified Active Low-Income Community Business (QALICB), which interest is obtained through TNII, through a $13,854,431 equity investment, (7) be a NMTC tax credit and environmental guarantor, (8) lease and sublease the Forum building, and (9) contribute $1,400,000 in the form of a QZAB Match.

As of June 30, 2020, bonds payable equaled $9,204,250. The bond loan matures on September 30, 2034 and has a fixed interest rate of 5.19%. Interest payments for the QZABs are 100% subsidized in the form of tax credits provided to the bond holders. In order to qualify as QZABs, 100% of the Bonds' proceeds net of the cost of issuance must be used for or by a qualified zone academy. The amount of subsidized loan interest for the year ended June 30, 2020 was $292,027. Quarterly principal payments of $50,000 began on March 14, 2015. On the maturity date, the remaining balance of all outstanding principal is due.

Amortization of the debt issuance costs is reported as interest expense on the consolidated statement of activities and changes in net assets and was $8,475 during the year ended June 30, 2020. The balance of unamortized debt issuance costs is $120,764.

Future minimum payments on the bonds are as follows:

Year Ended June 30,	Principal
2021	$ 200,000
2022	200,000
2023	200,000
2024	200,000
2025	200,000
Therafter	8,204,250
	$ 9,204,250

4. NOCCA Chevron Forum (continued)

Specified in the indenture agreement related to the Bonds, there are certain provisions that provide for the Institute to assign collateral interests in its ownership interests related to the Forum project, including any insurance or sale proceeds, membership interests in its subsidiaries, notes receivables and other rights related to the Arrangement.

The Institute used a portion of the Bond proceeds to make a $4,596,000 loan (the Leverage Loan 1) to a first investor and a $1,435,996 loan (the Leverage Loan 2) to a second investor (the Leverage Loans). The Leverage Loans were in turn used by these borrowers to make "Qualified Equity Investments" from which federal and state new market tax credits are generated. The Leverage Loans mature on September 30, 2034 and principal amortization begins on June 21, 2021. Prior to June 21, 2021, TNI will receive approximately $79,934 in annual interest payments from the Leverage Loans. Interest income for the year ended June 30, 2020 is $102,342.

As part of the Arrangement, a master lease was signed by NOCCA Master Tenant LLC with NOCCA Real Estate. In immediate succession, NOCCA Master Tenant, LLC sub-leased the Forum building to the Institute, which is further leasing the Forum building to NOCCA and other parties. Details of the lease between NOCCA Master Tenant, LLC and the Institute and the subleases to NOCCA and other parties are contained in Note 11.

Also as part of the Arrangement, the Institute has entered into three separate put/call agreements. For the first agreement, the investor has the right to put its 100% membership interest in NOCCA Master Tenant, LLC to the Institute, or a designee of the Institute, for the projected purchase price of $372,052. The first investor may exercise this put right beginning on December 18, 2020 or at any time following a recapture of tax credits. Consequently, the Institute, or a designee of the Institute, must be prepared financially to purchase the first investor's membership interest. In the event the put option is not exercised, beginning February 18, 2021, the Institute, or a designee of the Institute, will have the right to acquire the first investor's membership interest for fair market value as determined at the time of exercise.

The Institute has entered into put/call agreements with two financial institutions. Pursuant to the agreements, commencing on December 18, 2020, the financial institutions have the right to put their 100% membership interest in their specified subsidiaries to the Institute, or a designee of the Institute, for $1,000 each. In the event either put options are not exercised, the Institute, or a designee of the Institute, has a call option to acquire each respective membership interest at fair market value as determined at the time of exercise.

As of June 30, 2020, NOCCA Real Estate has Qualified Low-Income Community Investment (QLICI) loans with a total balance of $12,500,000. The QLICIs are each interest only until June 15, 2021 and bear interest at 1.00%. The QLICIs are secured by a mortgage on the Forum building.

4. NOCCA Chevron Forum (continued)

Future minimum payments on the loans are as follows:

Year Ended June 30,	Principal
2021	$ 477,204
2022	641,858
2023	648,300
2024	654,808
2025	661,380
Therafter	9,416,450
	$ 12,500,000

As part of the loans, NOCCA Real Estate has entered into put/call agreements with two financial institutions. Pursuant to the agreements, commencing on October 22, 2020, the financial institutions have the right to put their 100% membership interest in their specified subsidiaries to the Institute, or a designee of the Institute, for $1,000 each. In the event either put options are not exercised, NOCCA Real Estate, or a designee of the Institute, has a call option to acquire each respective membership interest at fair market value as determined at the time of exercise.

First NBC Bank (FNBC) was one of the financial institutions involved in the Forum transactions described in this note. As of April 28, 2017, FNBC was been placed into receivership by the Federal Deposit Insurance Corporation (FDIC). During fiscal year 2018, the notes receivable and long-term debt with FNBC were purchased by Advantage Capital.

NOCCA Master Tenant

During the fiscal year ended June 30, 2019, the Institute loaned $277,000 to 2831 Chartres Street Investments, LLC and executed a put/call agreement, as further described below:

NOCCA Master Tenant, LLC (third party lessee of NOCCA Real Estate described in Note 3 and Note 11) was bought by 2831 Chartres Street Investments, LLC by way of the put exercise for $277,000 which was funded by a promissory note in favor of the Institute which bears an interest rate of 2% per annum, payable quarterly and principal balance being due and payable upon maturity on October 19, 2023. The note receivable is secured by a security and pledge agreement in favor of the Institute pledging 2831 Chartres Street Investment, LLC's interest in NOCCA Master Tenant, LLC.

The Institute entered into a put/call agreement with 2831 Chartres Street Investments, LLC. Pursuant to the agreement, commencing on December 19, 2020 and ending on June 30, 2021, 2831 Chartres Street Investments, LLC has the right to put all its interest in NOCCA Real Estate, LLC and NOCCA Master Tenant, LLC to the Institute for $122,653 or the remaining balance of the note receivable. In the event that the put option is not exercised, the Institute has a call option to acquire the interests in NOCCA Real Estate, LLC and NOCCA Master Tenant, LLC for the lessor of the fair market value or the balance of the outstanding note receivable balance.

5. Concentrations

The Institute has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Institute has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

6. Promises to Give

At June 30, 2020, unconditional promises to give consist of the following:

Long term pledges	$ 812,550
Less unamortized discount	(17,397)
Net unconditional promises to give	$ 795,153
Promise to give:	
Less than one year	$ -
Due in one to five years	812,550
	$ 812,550

The effective interest rate used to discount the long-term unconditional promises to give is 3.5%.

7. Legacy

The Institute is the beneficiary of another charitable remainder trust for which the value of the trust is not readily determinable. No amounts have been reflected in the consolidated financial statements relating to this trust.

8. Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Land (Institute)	$ 1,553,335
Land improvements (Institute)	163,316
Land (NOCCA Real Estate)	502,944
Land improvements (NOCCA Real Estate)	25,699,433
Furniture, fixtures and equipent (Institute)	87,112
Furniture, fixtures and equipent (State)	2,274,975
Furniture, fixtures and equipent (Culinary)	670,141
Vehicles	19,656
	30,970,912
Less: Accumulated depreciation and amortization	(6,574,398)
	$ 24,396,514

9. Net Assets with Donor Restrictions

Net assets with donor restrictions in the amount of $900,351 were released from donor restrictions by incurring expenses satisfying the purpose specified by donors and the expiration of time restrictions.

The following sets forth the composition of net assets with donor restrictions at June 30, 2020:

Capital projects (restricted as to purpose and time)	$ 624,555
Financial aid and artists-in-residence	325,977
NOCCA program/department support	401,567
GNOF - financial aid, library, and general operating (restricted as to purpose and time)	1,119,103
Other	564,135
Total	$ 3,035,337

Funds totaling $1,119,103 are held by the Greater New Orleans Foundation, $709,471 is restricted in perpetuity and the earnings are restricted as to time and purpose as they are to be used for operating and the artists-in-residence, financial aid, and library archive programs.

10. Line of Credit and Long-Term Debt

In addition to the financing amounts called for under the Arrangement, the Institute has a $750,000 uncollateralized line of credit with a financial institution at a variable interest rate based on the prime lending rate (3.25% at June 30, 2020). The Institute had not drawn on the line of credit as of June 30, 2020. The line of credit expires on April 15, 2021.

10. Line of Credit and Long-Term Debt (continued)

During the year ended June 30, 2020, the Institute applied for and was approved for a $149,900 economic injury disaster loan administered by the U.S. Small Business Association as a part of the relief efforts related to coronavirus (COVID-19). As part of the loan agreement, the Institute must use all the proceeds solely as working capital to alleviate economic injury caused by COVID-19. The loan has an annual interest rate of 2.75% and matures in June 2050. The loan requires monthly principal and interest payments of $641 and is secured by substantially all assets of the Institute. At June 30, 2020, the balance on the loan was $149,900.

Year Ended June 30,	Principal
2021	$ 641
2022	7,692
2023	7,692
2024	7,692
2025	7,692
Therafter	118,491
	$ 149,900

11. Operating Leases

NOCCA Real Estate leases the NOCCA Forum Warehouse to NOCCA Master Tenant, LLC for $35,000 per quarter until June 2021 and $193,750 per quarter thereafter until the lease expires on December 31, 2034. Rent revenue related to this lease agreement has been straight-lined on the consolidated statement of activities and changes in net assets.

11. Operating Leases (continued)

Minimum future lease receipts as of June 30, 2020, are as follows:

Year Ended June 30,	Principal
2021	$ 140,000
2022	775,000
2023	775,000
2024	775,000
2025	775,000
Therafter	7,362,500
	$ 10,602,500

As described in Note 4, the Institute entered into an operating lease with NOCCA Master Tenant, LLC for the NOCCA Chevron Forum payable in quarterly payments of $51,875. The lease began during the year ended June 30, 2015, and will end on the eighteenth anniversary of the commencement of the lease. Rental expense under the lease was $140,000 for the year ended June 30, 2020. Rental payments for the current year were reduced due to NOCCA Master Tenant, LLC transition of ownership described in Note 4 and verbal agreements between the lessor and lessee.

Future minimal rental payments under the lease are as follows:

Year Ended June 30,	Principal
2021	$ 207,500
2022	207,500
2023	207,500
2024	207,500
2025	207,500
Therafter	1,504,375
	$ 2,541,875

The Institute subleases part of the NOCCA Chevron Forum to lessees under operating lease agreements. On December 1, 2014, the Institute leased facilities to the New Orleans Center for Creative Arts for $15,667 per month through November 30, 2024.

11. Operating Leases (continued)

Minimum future lease receipts from subleases as of June 30, 2020, are as follows:

Year Ended June 30,	Principal
2021	$ 188,000
2022	188,000
2023	188,000
2024	188,000
2025	78,333
	$ 830,333

12. Funds Held by the Greater New Orleans Foundation

The Institute maintains several endowment funds at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by GNOF. GNOF managers monitor investment returns for each of the funds. The amount available for distribution is equal to 4% of the previous twelve quarters average fund balance, with September 30th of the previous year being the most recent quarter. In addition, the funds are charged a fee of 0.5% annually. Fees paid to GNOF for the year ended June 30, 2020 totaled $5,755. Any unexpended distribution is reinvested in the endowment.

The Board of Directors (the Board) of the Institute is of the belief that they have a strong fiduciary duty to manage the assets of the Institute's endowments in the most prudent manner possible. The Board recognizes the intent is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund. To follow these principles, the historic value of the fund is always maintained in net assets with donor restrictions. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets without donor restrictions.

The Board of Directors of the Institute recognizes its responsibility to be good stewards of its donors' gifts and honor the intent for which the gifts were made. When a donor wishes to make a gift that will produce an annual grant/scholarship in perpetuity benefiting a restricted or unrestricted program, the Institute transfers the gift to GNOF to establish an endowed fund for the donors' specified purpose to provide for prudent investment of principal that cannot be used for other purposes.

Other donations that are without donor restrictions and expect to be expended in the short term are deposited into interest-bearing cash accounts subject to FDIC insurance coverage.

12. Funds Held by the Greater New Orleans Foundation (continued)

The table below represents the endowment related activity for the fiscal year ending June 30, 2020:

Endowment net assets, beginning of year	$ 1,153,634
Investment income, net	12,057
Additions to endowment assets	21,000
Appropriation of endowment assets for expenditures	(67,588)
Endowment net assets, end of year	$ 1,119,103

13. Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments.

FASB ASC 820 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as the quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability'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 the unobservable inputs.

Investments of the Institute are held in pooled assets managed by GNOF. The values of the Institute's investments in this pool are based on information provided by GNOF and include the use of Net Asset Values (NAV) as the primary input to measure fair value. These investments are classified within Level 3 of the fair value hierarchy.

The method described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent with those of 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 fair value of cash and cash equivalents, accounts receivable (except for charitable remainder trust which is measured at fair value of the assets held by the trust), current promises to give, and accounts payable approximates book value at June 30, 2020 due to the short-term nature of these accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Defined Contribution Plans

The Institute has 401(k) plan that is available to all employees who work over 1,000 hours in a twelve-month period and who have attained 60 days of service at the Institute. For the year ended June 30, 2020, the Institute made $49,114 in employer matching and discretionary contributions to the plan.

15. Changes in Consolidated Net Assets

The following table depicts the changes in consolidated net assets attributable to the controlling financial interest of the Institute and the noncontrolling interest as it relates to NOCCA Real Estate.

	Controlling Interest	Noncontrolling Interest	Total
Balance at June 30, 2019	$17,067,493	$ 276,158	$17,343,651
Excess of expenses over revenues for the year ended June 30, 2020	(642,942)	(19,047)	(661,989)
Balance at June 30, 2020	$16,424,551	$ 257,111	$16,681,662

16. Outbreak of COVID-19 and Paycheck Protection Program

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. The COVID-19 pandemic has negatively impacted the global and domestic economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Institute's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the

Institute's donors, students, employees and vendors, all of which are uncertain and cannot be predicted.

During the year ended June 30, 2020, the Institute applied for and was approved for a $183,600 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Institute is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Institute recognized the loan as an unconditional contribution, which is recorded in the consolidated statement of activities and changes in net assets for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures.

17. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 2, 2020, and determined that other than the matters regarding the outbreak of COVID-19 and the Paycheck Protection Program described in Note 16, there were no other events occurred that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	The NOCCA Institute	Culinary Operations	TNII	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents, without donor restrictions	$ 3,314,921	$ 165,885	$ 26,654	$ -	$ 3,507,460
Prepaid expenses	58,403	1,400	-	-	59,803
Due from subsidiary	1,662,212	-	-	(1,662,212)	-
Total current assets	5,035,536	167,285	26,654	(1,662,212)	3,567,263
Art work	84,614	756	-	-	85,370
Promises to give, restricted for long-term purposes, net of discount of $17,397	795,153	-	-	-	795,153
Notes receivable	6,252,982	-	-	-	6,252,982
Rent receivables	-	-	2,250,282	-	2,250,282
Property and equipment, net	1,674,570	370,715	22,351,229	-	24,396,514
Investments - funds held by the Greater New Orleans Foundation	1,119,103	-	-	-	1,119,103
Investment in Culinary Operations	398,610	-	-	(398,610)	-
Investment in TNII	13,574,960	-	-	(13,574,960)	-
Total assets	$ 28,935,528	$ 538,756	$ 24,628,165	$ (15,635,782)	$ 38,466,667
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	$ 189,989	$ 11,530	$ -	$ -	$ 201,519
Bonds payable, current portion	200,000	-	-	-	200,000
Due to parent	-	1,438,261	223,951	(1,662,212)	-
Total current liabilities	389,989	1,449,791	223,951	(1,662,212)	401,519
Bonds payable, net of unamortized bond issuance costs	8,883,486	-	-	-	8,883,486
Loans payable	-	-	12,500,000	-	12,500,000
Total liabilities	9,273,475	1,449,791	12,723,951	(1,662,212)	21,785,005
Net assets:					
Without donor restrictions					
NOCCA Institute and Subsidiaries	16,626,716	(911,035)	11,647,103	(13,973,570)	13,389,214
Noncontrolling interest in Subsidiary	-	-	257,111	-	257,111
With donor restrictions	3,035,337	-	-	-	3,035,337
Total net assets	19,662,053	(911,035)	11,904,214	(13,973,570)	16,681,662
Total liabilities and net assets	$ 28,935,528	$ 538,756	$ 24,628,165	$ (15,635,782)	$ 38,466,667

See accompanying independent auditors' report.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	The NOCCA Institute Without Donor Restrictions	The NOCCA Institute With Donor Restrictions	TNI Total	Culinary Operations Without Donor Restrictions	TNII Without Donor Restrictions	Eliminations	Total
Support and Revenues:							
Support:							
Special events, net of expenses of $162,627	$ 94,202	$ -	$ 94,202	$ -	$ -	$ -	$ 94,202
Public performance series/exhibitions	85,042	-	85,042	-	-	-	85,042
Contributions and grants	474,801	424,026	898,827	11,500	-	-	910,327
Paycheck Protection Program loan forgiveness	183,600	-	183,600	-	-	-	183,600
Revenues:							
Investment and interest income	31,231	12,057	43,288	-	-	-	43,288
Forum project:							
Interest income on loan receivable	91,139	-	91,139	-	-	-	91,139
Interest expense subsidy	292,027	-	292,027	-	-	-	292,027
Sale of goods and services	9,530	-	9,530	152,636	-	-	162,166
Rental	388,482	-	388,482	67,262	568,625	-	1,024,369
Miscellaneous	10,508	-	10,508	56	-	-	10,564
Total support and revenues	1,660,562	436,083	2,096,645	231,454	568,625	-	2,896,724
Net assets released from restriction	900,531	(900,531)	-	-	-	-	-
Total support, revenues, and net assets released from restriction	2,561,093	(464,448)	2,096,645	231,454	568,625	-	2,896,724
Expenses:							
Program	1,712,495	-	1,712,495	153,784	828,166	-	2,694,445
Management and general	720,814	-	720,814	24,149	57,910	-	802,873
Fundraising	61,395	-	61,395	-	-	-	61,395
Total expenses	2,494,704	-	2,494,704	177,933	886,076	-	3,558,713
Changes in net assets	66,389	(464,448)	(398,059)	53,521	(317,451)	-	(661,989)
Net assets							
Beginning of the year	16,560,327	3,499,785	20,060,112	(964,556)	12,221,665	(13,973,570)	17,343,651
End of the year	$ 16,626,716	$ 3,035,337	$ 19,662,053	$ (911,035)	$ 11,904,214	$ (13,973,570)	16,681,662

See accompanying independent auditors' report.

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	The NOCCA Institute							
	Program							
	Forum	NOCCA Direct Support & Alumni Association	Plessy Project	Facility Rentals & Press Street	Total Program	Management & General	Fundraising	Total
Expenses								
Salaries and benefits	$ 82,152	$ 262,025	$ 23,544	$ 64,896	$ 432,617	$ 341,729	$ 141,552	$ 915,898
Depreciation and amortization	-	8,475	-	-	8,475	74,367	-	82,842
Interest	-	292,027	-	-	292,027	-	-	292,027
NOCCA administration & other	-	371,323	-	-	371,323	-	-	371,323
Professional fees	32,000	27,785	-	465	60,250	95,520	90	155,860
Occupancy	-	90,221	-	19,037	109,258	20,018	2,106	131,382
Rent	-	140,000	-	-	140,000	-	-	140,000
Other	-	-	-	-	-	-	-	-
Insurance	-	86,664	-	-	86,664	22,177	-	108,841
Artists in residence	-	69,414	-	-	69,414	-	-	69,414
Repairs and maintenance	-	40,551	-	120	40,671	8,682	-	49,353
Events	-	43,384	-	5,335	48,719	700	50,493	99,912
In-kind parking lot	-	-	-	-	-	48,618	-	48,618
Administrative	10	3,479	-	729	4,218	42,497	2,690	49,405
Cost of goods sold	-	-	-	-	-	-	-	-
Property taxes	-	37,306	-	-	37,306	-	-	37,306
Printing, mailing, and copying	-	3,457	-	27	3,484	17,187	20,615	41,286
In-kind office rent	-	-	-	-	-	29,400	-	29,400
Travel & entertainment	-	919	-	82	1,001	19,662	966	21,629
Advertising	-	4,978	-	2,090	7,068	257	5,511	12,835
Licenses and permits	-	-	-	-	-	-	-	-
Total expenses	$ 114,162	$ 1,482,008	$ 23,544	$ 92,781	$ 1,712,495	$ 720,814	$ 224,022	$ 2,657,331

See accompanying independent auditors' report.

(continued)

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Culinary								TNII				
	Program												
	Marketplace	Gallery	Press Street Station	Press Street Land	Press Street Garden	Management & General	Fundraising	Total	Program	Management & General	Fundraising	Total	Total
Expenses													
Salaries and benefits	$ 11,172	$ -	$ 34,776	$ -	$ 28,464	$ -	$ -	$ 74,412	$ -	$ -	$ -	$ -	$ 990,310
Depreciation and amortization	-	-	-	-	-	20,721	-	20,721	702,333	-	-	702,333	805,896
Interest	-	-	-	-	-	-	-	-	125,833	-	-	125,833	417,860
NOCCA administration & other	-	-	-	-	-	-	-	-	-	-	-	-	371,323
Professional fees	760	-	5,670	-	5,551	-	-	11,981	-	-	-	-	167,841
Occupancy	-	-	11,468	-	1,254	-	-	12,722	-	-	-	-	144,104
Rent	-	-	-	-	-	-	-	-	-	-	-	-	140,000
Other	3,048	-	46	852	657	3,428	-	8,031	-	57,910	-	57,910	65,941
Insurance	-	-	738	1,070	-	-	-	1,808	-	-	-	-	110,649
Artists in residence	-	-	-	-	-	-	-	-	-	-	-	-	69,414
Repairs and maintenance	2,213	-	500	-	250	-	-	2,963	-	-	-	-	52,316
Events	-	-	-	-	-	-	-	-	-	-	-	-	99,912
In-kind parking lot	-	-	-	-	-	-	-	-	-	-	-	-	48,618
Administrative	-	-	-	-	-	-	-	-	-	-	-	-	49,405
Cost of goods sold	-	-	40,238	-	-	-	-	40,238	-	-	-	-	40,238
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	37,306
Printing, mailing, and copying	2,855	-	4	1,006	8	-	-	3,873	-	-	-	-	45,159
In-kind office rent	-	-	-	-	-	-	-	-	-	-	-	-	29,400
Travel & entertainment	100	-	-	19	-	-	-	119	-	-	-	-	21,748
Advertising	-	-	-	375	-	-	-	375	-	-	-	-	13,210
Licenses and permits	-	-	690	-	-	-	-	690	-	-	-	-	690
Total expenses	20,148	-	94,130	3,322	36,184	24,149	-	177,933	828,166	57,910	-	886,076	3,721,340

See accompanying independent auditors' report.

(concluded)

THE NEW ORLEANS CENTER FOR CREATIVE ARTS INSTITUTE
NEW ORLEANS, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD FOR THE YEAR ENDED JUNE 30, 2020

Agency Head Name: Sally Perry, Executive Director

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Institute is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are supported by private funds.

See accompanying independent auditors' report.

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

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 of
the New Orleans Center for Creative Arts Institute

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 consolidated financial statements of New Orleans Center for Creative Arts Institute (a nonprofit organization) and subsidiaries (the Institute), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control over Financial Reporting

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

P&N
Postlethwaite & Netterville

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
December 2, 2020