LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

AUDITED FINANCIAL STATEMENTS
AND SCHEDULES

FOR THE YEAR ENDED
December 31, 2025

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Music and Heritage Experience, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Music and Heritage Experience, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, 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, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

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 that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 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 and *Government 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 Louisiana Music and Heritage Experience, Inc.'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 Louisiana Music and Heritage Experience, Inc.'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.

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, Reimbursements, Benefits and Other Payments to Agency Head, which is required by Louisiana Revised Statute 24:513, is presented for purposes of additional analysis 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 26, 2026

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

ASSETS

	2025
CURRENT ASSETS	
Cash	$ 151,694
Investments – securities at fair value	142,975
Contributions receivable	15,000
Total current assets	309,669
Property and equipment – construction in progress	339,795
Total Assets	$ 649,464

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 62,989
Accrued expenses	102,500
Total Current Liabilities	165,489
NONCURRENT LIABILITIES	
Related party loan payable	465,055
Total Liabilities	630,544
NET ASSETS	
Net Assets Without Donor Restrictions	18,920
Total Net Assets	18,920
Total Liabilities and Net Assets	$ 649,464

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Festival	$ 1,094,364	$ -	$ 1,094,364
State capital outlay	339,795	-	339,795
Contracts	435	-	435
Contributions of cash and other financial assets	628,404	-	628,404
Contributions of non-financial assets	323,428	-	323,428
Total revenues and other support	2,386,426	-	2,386,426
EXPENSES			
Festival	1,394,772	-	1,394,772
Museum and exhibitions	692,581	-	692,581
Management and general	146,654	-	146,654
Fundraising	103,715	-	103,715
Total expenses	2,337,722	-	2,337,722
CHANGE IN NET ASSETS BEFORE OTHER REVENUE	48,704	-	48,704
OTHER REVENUE			
Dividends and interest	3,298	-	3,298
CHANGE IN NET ASSETS	52,002	-	52,002
Net deficit, beginning of year	(33,082)	-	(33,082)
Net assets, end of year	$ 18,920	$ -	$ 18,920

See Notes to Financial Statements.

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Program Services		Supporting Services		
	Festival	Museum and Exhibitions	General and Administrative	Fundraising	Total
Architect and design fees	$ -	$ 128,570	$ -	$ -	$ 128,570
Contract employees	-	214,500	2,500	13,482	230,482
Contributed services	61,621	98,936	39,732	41,693	241,982
Contributed use of facilities	6,456	6,456	2,767	2,767	18,446
Education and exhibition creation	-	17,705	-	-	17,705
Festival production	763,787	-	-	-	763,787
Imputed interest	-	-	19,370	-	19,370
Marketing and advertisement	158,530	33,970	-	33,970	226,470
Office expenses	4,659	4,659	9,317	4,659	23,294
Other	-	-	8,199	-	8,199
Professional services	2,000	145,629	64,769	7,144	219,542
Talent	397,719	-	-	-	397,719
Travel and meetings	-	42,156	-	-	42,156
Total	$ 1,394,772	$ 692,581	$ 146,654	$ 103,715	$ 2,337,722

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 52,002
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:	
Dividends and interest income	(3,298)
Changes in operating assets and liabilities:	
Contributions receivable	(15,000)
Accounts payable	30,297
Accrued expenses	96,665
Deferred revenue	(435)
NET CASH PROVIDED BY OPERATING ACTIVITIES	160,231
CASH FLOWS FROM INVESTING ACTIVITIES	
Return of deposit on real estate	420,000
Purchase of construction in progress – design	(339,795)
Purchases of investments, net	(54,260)
NET CASH PROVIDED BY INVESTING ACTIVITIES	25,945
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on loan to related party	(68,000)
NET CASH USED IN FINANCING ACTIVITIES	(68,000)
NET CHANGE IN CASH	118,176
BEGINNING CASH	33,518
ENDING CASH	$ 151,694

Supplemental disclosure of non-cash activity:

During 2025, the Organization recognized $19,370 of imputed interest expense on a related-party loan payable, with a corresponding contribution from the lender as forgiveness of this interest.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Louisiana Music and Heritage Experience, Inc. (the Organization) is dedicated to preserving, celebrating, and educating future generations about Louisiana's rich musical heritage. As a cultural and educational hub, the Organization is proposing to construct a museum located prominently near the New Orleans Convention Center. The proposed museum will feature dynamic exhibits, a performance theater, a research area, and educational spaces, aimed at providing a multi-dimensional exploration of Louisiana's music from Congo Square until today. The planned music club and restaurant will further allow visitors to experience the authentic sounds and tastes of Louisiana. The Organization's mission extends beyond a traditional museum; it aims to serve as an economic catalyst, expected to attract significant tourism and create substantial job opportunities within the region. The Organization receives strong support from both the public and private sectors, promising to enhance Louisiana's cultural landscape and ensure its musical legacy continues to inspire and educate. Construction is projected to begin in 2027 with the opening scheduled for 2029.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> ***Net assets without donor restrictions:*** Net Assets that are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
>
> ***Net assets with donor restrictions:*** Net assets that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. There were no assets with donor restrictions at December 31, 2025.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consists of cash on deposit with banks. At times, cash balances may exceed federally insured limits. The Organization has not experienced any losses on such accounts and management believes it is not exposed to significant credit risk on cash.

Investments

The Organization's investments are stated at fair value. Investment income is recognized when earned. Investments in securities with readily determinable fair values are recorded at fair value with gains, losses, and investment expenses included in the Statement of Activities and Changes in Net Assets. Investments consist of mutual funds and bank deposits.

Contributions and Grants Receivable

Unconditional promises to give (contributions receivable) are recorded as revenue when the promise is made and are stated at the amount the Organization expects to collect. Conditional promises to give are not recognized as support until the conditions are substantially met. Bad debt expense for the year ended December 31, 2025 was $0.

Related Party Loan Payable

The Organization received an unsecured, non-interest-bearing loan from the Board Chairman during 2024. The loan has no stated repayment terms or maturity date. Management does not anticipate repayment within the next fiscal year, and the balance is accordingly classified as a long-term liability in the accompanying financial statements. See NOTE 4 - Related Parties.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization's estimates include those regarding the fair value of donated food and services.

Liquidity

Assets are presented in the accompanying Statement of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The Organization has two primary programs which make up a majority of the functional expense: the development of the Louisiana Music and Heritage Experience museum, exhibits, and related education programs (Museum and exhibits) and production of the musical festival NOLA Funk Fest (Festival). The Organization charges expenses to each program based on direct expenditures incurred or actual time and effort. Any program expenditures not directly chargeable are allocated between program services, management and general, and fundraising expenses based on reasonable, consistently applied methodologies.

Although, as noted in NOTE 4 – Related Party Transactions, certain expenses such as advertisement and marketing, accounting, and office expenses were paid through a related entity, they have been classified under their natural expense categories in the Statement of Functional Expenses to provide more transparent disclosure.

Income Taxes

The Organization operates as a non-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is subject to income tax only on unrelated business taxable income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure 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 on examination. As of December 31, 2025, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended December 31, 2022 and later remain subject to examination by the taxing authority. The December 31, 2025 return has not been filed as of the date of the Independent Auditors' Report.

Real Estate Deposit

Deposits are stated at cost. The Organization received a full refund of a real estate deposit made during 2024 totaling $420,000 related to a terminated lease agreement. Subsequent to year end, the Organization entered into a new lease for the site of the planned museum. See NOTE 7 – Subsequent Events.

Advertising

The Organization expenses advertising as incurred. Advertising expense was $226,470 for the year ended December 31, 2025 and is recorded in festival, museum and exhibits, and fundraising expenses in the Statement of Activities and Changes in Net Assets.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments are that the carrying amounts reported in the Statement of Financial Position are a reasonable estimate of fair value for the year ended December 31, 2025.

Leases

The Organization occupies its facilities under month-to-month arrangements, including with a related party.

Revenue Recognition and Deferred Revenue

The Organization recognizes revenue from contributions, grants, and exchange transactions. Conditional contributions are recognized as revenue when the conditions on which they depend, generally the incurrence of qualifying expenditures or the achievement of specified milestones, have been substantially met; amounts received before the related conditions are satisfied are reported as deferred revenue (refundable advances) in the Statement of Financial Position. Exchange transactions, in which the Organization provides goods or services of commensurate value, are accounted for under ASC 606 and recognized as the related performance obligations are satisfied.

City of New Orleans Cooperative Endeavor Agreement (Contract) - The Organization entered into a cooperative endeavor agreement with the City of New Orleans on April 25, 2023. This six-year agreement secures $1,000,000 in initial funding for the Organization, which is dedicated to supporting planning, fundraising, and curation efforts for the proposed Louisiana Music and Heritage Museum. Under the terms of the agreement, the Organization is required to provide quarterly progress reports to the City. The Organization accounts for the agreement as a conditional contribution and recognizes revenue as it incurs qualifying expenditures in compliance with the provisions of the agreement, which represents satisfaction of the conditions on which the funding depends. During the year ended December 31, 2025, the Organization recognized the remaining contract revenue of $435 under this agreement.

State Capital Outlay Appropriation (Capital Outlay Funding) - In fiscal year 2024, the State of Louisiana appropriated $2,000,000 from the State General Fund to the Organization pursuant to Act 776 of the 2023 Regular Session for planning and construction activities related to the proposed museum. The appropriation is available to the Organization on a reimbursement basis and is contingent upon the submission of eligible expenditures incurred in accordance with State capital outlay guidelines. The Organization accounts for the appropriation as a conditional contribution and recognizes revenue as eligible expenditures are incurred in compliance with the requirements of the appropriation. Because funds are disbursed only upon submission of qualifying expenditures, no amounts are received in advance of satisfying these conditions and no deferred revenue is recognized for this appropriation.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue – Continued

State Capital Outlay Appropriation (Continued) - Eligible expenditures incurred, but not yet reimbursed, at year-end, if any, are reported as a grant receivable. During the year ended December 31, 2025, the Organization recognized revenue of $339,795 under this appropriation, all of which had been reimbursed as of December 31, 2025. Act 2 (House Bill No. 2) of 2025 appropriated an additional $1,500,000 as Priority 2 funds and $25,000,000 as Priority 5 funds, both contingent upon future authorization by the Louisiana Bond Commission.

NOLA Funk Fest - The Organization conducts an annual music and heritage festival (the "Festival"), which generates revenue from admissions, sponsorships, concessions, and merchandise. The 2025 Festival was held and concluded during the year ended December 31, 2025, accordingly, all related revenue was earned and recognized in 2025, and no amounts were deferred or receivable at year-end.

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Property and Equipment - Construction in Progress

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. The Organization capitalizes property and equipment with a cost of $5,000 or greater and a useful life exceeding one year. Construction in progress represents direct costs incurred on projects not yet completed and placed in service, including architectural and engineering design fees. No depreciation is recorded on construction in progress until the related assets are placed in service, at which point the costs are transferred to the applicable asset category and depreciated over the estimated useful life.

Contributions of Non-Financial Assets

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributions of non-financial assets revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Volunteers also provided support throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTE 2 – CONTRIBUTED NON-FINANCIAL ASSETS

During the year ended December 31, 2025, the Organization had no paid management or administrative personnel until it entered into a cost reimbursement agreement with a related party in November 2025, under which the Organization is reimbursed for certain expenses (see Note 4). This related party, who serves as the Board Chairman, provided donated services in the roles of developer, accountant, administrator, and digital marketer/project manager, as well as the contributed use of facilities.

The Organization received the following contributions of non-financial assets from a related party for the year ended December 31, 2025:

	Program Services		Supporting Services		
	Festival	Museum and Exhibitions	General and Administrative	Fundraising	Total
Donated use of facilities	$ 6,456	$ 6,456	$ 2,767	$ 2,767	$ 18,446
Donated services	61,621	98,936	39,732	41,693	241,982
Total	$ 68,077	$ 105,392	$ 42,499	$ 44,460	$ 260,428

Contributed use of facilities is valued at the proportional use of the cost of rent and various other related office expenses. Contributed services are valued using the most recent Bureau of Labor Statistics' average hourly wages for their respective class (chief executive, accountant, administrative assistant, and marketing specialist) in the Organization's sector. The loss of these contributions could have a significant adverse effect on the Organization's ability to conduct its programs until alternative sources are secured.

Additionally, the Organization received contributed services from others for the year ended December 31, 2025 valued at $58,000 related to marketing and advertisement and $5,000 related to festival production for its festival program.

All donated services and assets were utilized by the Organization. There were no donor-imposed restrictions associated with the contributed services.

NOTE 3 – FAIR VALUE MEASUREMENTS

Under Financial Accounting Standards Board regulations, investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statements of Activities and Changes in Net Assets, if any. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Accounting Standards Board regulations establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE 3 – FAIR VALUE MEASUREMENTS - CONTINUED

The three levels of the fair value hierarchy are described below:

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 assets or liabilities;
- 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 Organization's investments in mutual funds and bank deposits were measured using Level 1 inputs at December 31, 2025. The Organization's investments had a cost and a fair value of $142,975 at December 31, 2025. The investments had no unrealized gains or losses as of year end.

NOTE 4 – RELATED PARTY TRANSACTIONS

Related Party Loan Payable - On November 25, 2024, Board Chairman made a loan to the Organization totaling $633,055 to assist with operating expenses and fund a real estate deposit for the museum location. The loan is non-interest-bearing and does not have a specified repayment date. The Organization has imputed interest on this loan at 4%, the Applicable Federal Rate published by the IRS for November 2024. For the year ended December 31, 2025, imputed interest totaled $19,370, which has been recorded as imputed interest expense along with a corresponding contribution for the imputed interest on the below market loan. On December 1, 2024, the Organization repaid $100,000 of the principal balance and on April 14, 2025 the Organization repaid $68,000, The related party loan balance as of December 31, 2025 was $465,055.

Also see NOTE 2 regarding contributed non-financial assets to the Organization during the year.

NOTE 4 – RELATED PARTY TRANSACTIONS - CONTINUED

Cost Reimbursement Agreement with a Related Party - Beginning in November 2025, the Organization's board of directors approved a monthly reimbursement agreement of $7,500 to a company controlled by the Board Chairman, who has significant influence over the Organization. During the year ended December 31, 2025, the Organization paid this related company $15,000 in exchange for providing the following for the Organization:

Accounting	$	4,000
Advertising and marketing support		8,000
Office expenses		3,000
Total	$	15,000

The Founder was not compensated for his services to the Organization during the year. These contributed services had an estimated value of $186,576 to the Organization (See NOTE 2 – Contributed Non-Financial Assets).

NOTE 5 – PROPERTY AND EQUIPMENT – CONSTRUCTION IN PROGRESS

Construction in progress at December 31, 2025 consists of architectural and design costs of $339,795 incurred in connection with the planned museum. As of December 31, 2025, the project remained in the design phase, and no related assets had been placed in service. Accordingly, no depreciation has been recognized.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures within one year as of December 31, 2025, consist of the following:

		2025
Cash	$	151,694
Investments – securities at fair value		142,975
Contributions receivable		15,000
		309,669
Less: liabilities expected to be settled within one year		(165,489)
Financial assets available to meet cash needs for general expenditures within one year	$	144,180

The Organization manages its liquidity by maintaining cash on hand sufficient to cover budgeted operating expenditures and monitoring actual cash flows against budget. Should the Organization have excess cash, the Organization would invest such cash into short-term investments.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued which corresponds with the date of the independent auditors' report.

In January 2026, the Organization entered into a long term agreement with Sodexo Live! to operate the food and beverage services at the planned museum once it opens. The agreement had no effect on the financial statements as of December 31, 2025, and its future financial effect cannot be reasonably estimated.

In May 2026, the Organization entered into a long term agreement with SSA Group, LLC to operate the retail merchandise services at the planned museum once it opens. The agreement had no effect on the financial statements as of December 31, 2025, and its future financial effect cannot be reasonably estimated.

In May 2026, the Organization entered into a 99 year ground lease for the site of the planned museum. Rental payments will begin on the earlier of July 2027 or the construction commencement date and will increase over the life of the lease.

The 2026 Louisiana capital outlay act (House Bill No. 2) includes a $25,000,000 Priority 5 (non-cash line of credit) appropriation toward the museum project. A Priority 5 appropriation does not provide current funding and before any funds become available to the Organization, the appropriation must be approved by the State Bond Commission and be funded through a future bond sale. There is no assurance that such funding will be realized, and no amounts have been recognized or received as of December 31, 2025.

No other material subsequent events requiring recognition or disclosure have occurred since December 31, 2025.

SUPPLEMENTARY INFORMATION

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For The Year Ended December 31, 2025

<u>Chris Beary, Developer and Board Chairman:</u>

Purpose		Amount
Salary	$	-
Benefits-health insurance		-
Benefits-retirement		-
Deferred compensation		-
Workers comp		-
Benefits-life insurance		-
Benefits-long term disability		-
Benefits-Fica & Medicare		-
Car allowance		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Unvouchered expenses		-
Meetings & conventions		-
Other		-
Total	$	-

The Developer and Board Chairman was not paid a salary, and no public funds were used to compensate the agency head during the year ended December 31, 2025.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Louisiana Music and Heritage Experience, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Music and Heritage Experience, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Music and Heritage Experience, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Louisiana Music and Heritage Experience, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Music and Heritage Experience, Inc.'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as finding 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Music and Heritage Experience, Inc.'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 financial statements. 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.*

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 26, 2026

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

SCHEDULE OF FINDINGS

For The Year Ended December 31, 2025

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued:		Unmodified
Internal Control Over Financial Reporting:		
• Material weakness(es) identified?	__Yes	_X_ No
• Significant deficiency(ies) identified?	_X_Yes	___ None reported
Noncompliance material to financial statements noted?	__Yes	_X_ No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Internal Control:

Significant Deficiency

2025-001

Criteria:

Management is responsible for designing, implementing, and maintaining policies and procedures that provide effective internal control over financial reporting, including controls to ensure that the significant terms of the Organization's contractual arrangements are evidenced by written, executed agreements and controls to maintain and locate documents to support various transactions.

Condition:

During our audit procedures, we noted that the Organization could not locate documents to support some transactions with original itemized receipts and invoices and that the Organization administered and recorded several significant arrangements based on historical oral understandings rather than current, written, executed agreements.

Cause:

The Organization experienced significant turnover in the accountant position during the year, and original itemized receipts and invoices maintained by departed personnel could not be located. The Organization has also historically relied on verbal understandings with the other parties and has not had a policy requiring that significant agreements be written, executed agreements before transactions are entered into or recorded.

2. FINANCIAL STATEMENT FINDINGS - CONTINUED

Effects:

The conditions described above represent a significant deficiency in internal control.

As a result, the following occurred:

- Certain expenditures could not be substantiated with original itemized receipts and invoices when requested limiting the Organization's ability to show the disbursements are accurately recorded.

As a result, the following could potentially occur if controls are not modified:

- Differences between the parties in their understanding of the agreed-upon terms could potentially result in disputes, unrecorded obligations, or misstatement of the financial statements.
- Knowledge of the agreed-upon terms could potentially be lost upon the departure of personnel familiar with the arrangements, impairing the Organization's ability to administer the arrangements and to record the related transactions accurately.

Recommendations:

We recommend that the Organization:

- Review, update as applicable, and follow its policies and procedures over cash disbursements to ensure these expenses are properly documented and supported.
- Obtain current, written, and executed agreements that document the agreed-upon terms, including amounts, timing, performance obligations, and the rights and responsibilities of each party.
- Establish a procedure to periodically review these agreements and to ensure that new agreements are documented in writing before the related transactions are recorded.
- Implement a centralized document storage for agreements and supporting documentation so that records can be maintained by the Organization and remain accessible regardless of personnel changes.

Management's Response:

Management concurred with the recommendations. See Management's Corrective Action Plan.

LOUISIANA MUSIC AND HERITAGE EXPERIENCE, INC.

SCHEDULE OF PRIOR YEAR FINDINGS
For The Year Ended December 31, 2025

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2024-001 – Electronic payments – Resolved.

2024-002 – Nonroutine year end adjustments – Resolved.

CORRECTIVE ACTION PLAN
AUDIT FINDINGS

June 26, 2026

Louisiana State Legislative Auditor

Louisiana Music and Heritage Experience, Inc. respectfully submits to you the following corrective action plan for the audit comment for the year ended December 31, 2025.

Kushner LaGraize, LLC
Certified Public Accountants and Consultants
3330 West Esplanade Ave-Suite 100
Metairie, LA 70002

Audit period: January 1, 2025 – December 31, 2025

AUDIT FINDINGS

<u>Internal Control:</u>

<u>Significant Deficiency</u>

<u>2025-001</u>

<u>Condition:</u>
During our audit procedures, we noted that the Organization could not locate documents to support some transactions with original itemized receipts and invoices and that the Organization administered and recorded several significant arrangements based on historical oral understandings rather than current, written, executed agreements.

<u>Recommendations:</u>
We recommend that the Organization:

- Review, update as applicable, and follow its policies and procedures over cash disbursements to ensure these expenses are properly documented and supported.
- Obtain current, written, and executed agreements that document the agreed-upon terms, including amounts, timing, performance obligations, and the rights and responsibilities of each party.
- Establish a procedure to periodically review these agreements and to ensure that new agreements are documented in writing before the related transactions are recorded.

- Implement a centralized document storage for agreements and supporting documentation so that records can be maintained by the Organization and remain accessible regardless of personnel changes.

Management's Response:

Management has a new accountant in place and is implementing a centralized document storage policy to ensure documents are stored, maintained, and available as needed. This will address issues with missing original receipts and invoices. Management has also instituted a new policy regarding written contracts and currently is in the process of executing written contracts to replace historical oral contracts.