

PRESERVATION HALL FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Preservation Hall Foundation, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Preservation Hall Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Preservation Hall Foundation, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Preservation Hall Foundation, 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 Preservation Hall Foundation, 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Heads 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 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 a report dated June 30, 2025 on our consideration of Preservation Hall Foundation, Inc.'s, internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Preservation Hall Foundation, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana
June 30, 2025

Wegmann Dazet, APC

PRESERVATION HALL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,683,579	\$ 1,719,191
Cash restricted to campus project	499,955	1,251,241
Promises to give	755,000	-
ERC receivable	27,685	27,685
Other receivables	7,171	1,599
Prepaid expenses	20,490	36,925
Investments, at fair value	-	86,279
Due from related parties	42,778	30,929
Total current assets	<u>3,036,658</u>	<u>3,153,849</u>
Promise to give, net	15,000	-
Finance lease right-of-use asset	4,848,589	4,981,731
Property and equipment, net	6,921	12,564
Construction in progress	1,335,685	470,216
Other assets	<u>26,050</u>	<u>25,000</u>
Total assets	<u><u>\$ 9,268,903</u></u>	<u><u>\$ 8,643,360</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 75,701	\$ 90,012
Deferred revenue	27,089	43,500
Due to related party	-	2,276
Current portion of finance lease obligation	<u>-</u>	<u>148,405</u>
Total liabilities	102,790	284,193
Finance lease obligation, less current portion	<u>4,682,011</u>	<u>4,682,011</u>
Total liabilities	<u><u>4,784,801</u></u>	<u><u>4,966,204</u></u>
NET ASSETS		
Net assets		
Without donor restrictions		
Undesignated	620,305	605,229
Board designated	<u>805,673</u>	<u>769,893</u>
	1,425,978	1,375,122
With donor restrictions		
Specific purpose	2,058,124	2,302,034
Purpose and time restrictions	<u>1,000,000</u>	<u>-</u>
	3,058,124	2,302,034
Total net assets	<u>4,484,102</u>	<u>3,677,156</u>
Total liabilities and net assets	<u><u>\$ 9,268,903</u></u>	<u><u>\$ 8,643,360</u></u>

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 1,797,634	\$ 170,000	\$ 1,967,634
Fundraising events	431,666	-	431,666
Grants	15,000	1,509,400	1,524,400
Program	201,150	-	201,150
Net income on investments	120,690	-	120,690
Miscellaneous income	96,731	-	96,731
Net assets released from restrictions	923,310	(923,310)	-
Total revenue	3,586,181	756,090	4,342,271
Expenses			
Program services			
Archives	333,216	-	333,216
Education	603,862	-	603,862
Community engagement	251,842	-	251,842
Legacy	518,328	-	518,328
Supporting services			
Fundraising and development	1,447,784	-	1,447,784
General and administrative	380,293	-	380,293
Total expenses	3,535,325	-	3,535,325
Change in net assets	50,856	756,090	806,946
Net assets			
Beginning of year	1,375,122	2,302,034	3,677,156
End of year	\$ 1,425,978	\$ 3,058,124	\$ 4,484,102

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 909,278	\$ 664,115	\$ 1,573,393
Fundraising events	380,250	-	380,250
Grants	16,000	-	16,000
Program	148,104	-	148,104
Net income on investments	70,228	-	70,228
Miscellaneous income	125,732	-	125,732
Net assets released from restrictions	497,081	(497,081)	-
Total revenue	<u>2,146,673</u>	<u>167,034</u>	<u>2,313,707</u>
Expenses			
Program services			
Archives	370,786	-	370,786
Education	414,063	-	414,063
Community engagement	181,842	-	181,842
Legacy	359,177	-	359,177
Supporting services			
Fundraising and development	487,209	-	487,209
General and administrative	677,629	-	677,629
Total expenses	<u>2,490,706</u>	<u>-</u>	<u>2,490,706</u>
Change in net assets	(344,033)	167,034	(176,999)
Net assets			
Beginning of year	<u>1,719,155</u>	<u>2,135,000</u>	<u>3,854,155</u>
End of year	<u>\$ 1,375,122</u>	<u>\$ 2,302,034</u>	<u>\$ 3,677,156</u>

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services				Supporting Services		Total Expenses
	Archives	Education	Community Engagement	Legacy	General & Administrative	Fundraising & Development	
Salaries, wages and benefits	\$ 277,644	\$ 115,974	\$ 115,892	\$ 133,418	\$ 50,435	\$ 265,587	\$ 958,950
Archive expense	10,754	-	-	-	-	-	10,754
Program support	-	10,500	-	333,564	-	-	344,064
Bank and credit card fees	-	6,349	-	-	573	14,290	21,212
Charitable contributions	-	-	-	-	-	2,396	2,396
Dues and subscriptions	240	510	-	-	868	2,433	4,051
Gifts	-	-	1,086	-	-	9,793	10,879
Grants	-	-	54,731	4,130	-	-	58,861
Professional services	1,430	343,601	74,910	35,465	228,205	517,929	1,201,540
Interest expenses	-	-	-	-	-	196,646	196,646
Insurance expense	-	-	-	-	15,290	-	15,290
Information technologies	-	2,390	-	-	16,443	26,668	45,501
Postage and shipping	-	-	45	-	80	290	415
Payroll handling fees	11,179	3,921	3,915	4,630	-	9,534	33,179
Marketing and promotion	-	27,010	182	1,481	978	26,500	56,151
Rent	29,280	77,950	-	-	42,000	187,888	337,118
Repairs and maintenance	-	-	-	-	2,943	-	2,943
Supplies	-	-	354	964	10,386	3,973	15,677
Travel	2,689	15,657	727	4,676	56	58,723	82,528
Depreciation	-	-	-	-	5,643	-	5,643
Utilities expense	-	-	-	-	6,393	125,134	131,527
	<u>\$ 333,216</u>	<u>\$ 603,862</u>	<u>\$ 251,842</u>	<u>\$ 518,328</u>	<u>\$ 380,293</u>	<u>\$ 1,447,784</u>	<u>\$ 3,535,325</u>

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Services				Supporting Services		Total Expenses
	Archives	Education	Community Engagement	Legacy	General & Administrative	Fundraising & Development	
Salaries, wages and benefits	\$ 239,911	\$ 62,700	\$ 62,700	\$ 123,496	\$ 39,955	\$ 218,277	\$ 747,039
Archive expense	25,751	-	-	-	-	-	25,751
Program support	-	1,597	2,284	218,657	-	8,616	231,154
Bank and credit card fees	-	5,581	-	-	421	373	6,375
Dues and subscriptions	20	-	-	-	1,959	385	2,364
Events	7,563	-	-	-	-	-	7,563
Gifts	-	-	-	-	-	9,926	9,926
Grants	1,500	-	32,500	3,000	-	-	37,000
Professional services	52,714	255,739	77,131	8,132	486,327	171,341	1,051,384
Interest expenses	-	-	-	-	17,641	-	17,641
Insurance expense	-	-	-	-	12,197	-	12,197
Information technologies	-	3,688	-	-	38,352	-	42,040
Postage and shipping	70	88	-	70	402	1,749	2,379
Payroll handling fees	8,929	2,141	2,141	4,152	245	7,902	25,510
Marketing and promotion	685	3,125	5,086	70	6,105	1,395	16,466
Rent	31,525	48,800	-	1,600	53,095	18,530	153,550
Repairs and maintenance	-	-	-	-	2,085	-	2,085
Supplies	-	-	-	-	7,233	-	7,233
Travel	2,118	30,604	-	-	4,120	48,715	85,557
Depreciation	-	-	-	-	1,089	-	1,089
Utilities expense	-	-	-	-	6,403	-	6,403
	<u>\$ 370,786</u>	<u>\$ 414,063</u>	<u>\$ 181,842</u>	<u>\$ 359,177</u>	<u>\$ 677,629</u>	<u>\$ 487,209</u>	<u>\$ 2,490,706</u>

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 806,946	\$ (176,999)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,643	1,089
ERC receivable	-	49,000
Net gain on investments	(120,690)	(76,935)
Amortization of finance lease, right-of-use asset	133,142	11,095
Promises to give restricted for campus project	-	(500,000)
(Increase) decrease in operating assets:		
Promises to give	(770,000)	75,000
Other receivables	(5,572)	12,598
Prepaid expenses	16,435	(29,931)
Due from related parties	(11,849)	31,543
Other assets	(1,050)	(25,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(14,311)	13,286
Deferred revenue	(16,411)	34,125
Due to related party	(2,276)	(411)
Net cash provided (used) by operating activities	<u>20,007</u>	<u>(581,540)</u>
Cash flows from investing activities:		
Purchases for construction in progress	(865,469)	(470,216)
Purchase of investments	-	(92,000)
Proceeds from sale of investments	206,969	184,000
Net cash used by investing activities	<u>(658,500)</u>	<u>(378,216)</u>
Cash flows from financing activities:		
Collections of promises to give restricted to campus projects	-	2,500,000
Repayments of lease liability	(148,405)	(162,410)
Net cash (used) provided by financing activities	<u>(148,405)</u>	<u>2,337,590</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(786,898)	1,377,834
Cash, cash equivalents, and restricted cash at beginning of year	<u>2,970,432</u>	<u>1,592,598</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 2,183,534</u>	<u>\$ 2,970,432</u>

See accompanying Notes to Financial Statements.

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

1) Description of the Foundation and activities

Preservation Hall Foundation, Inc. ("Foundation") is a nonprofit organization established to honor and embody Preservation Hall, LLC's ("Hall") intrinsic ethos and practices. The Foundation supports music education, academic research, historical archiving and promotional outreach campaigns to create greater awareness and appreciation for traditional New Orleans jazz and the communities that support it. The Foundation protects, preserves and perpetuates the musical and cultural traditions of New Orleans through four program areas:

Education: The Foundation lessons include content focused on the introductory and advanced techniques for the range of instruments in a traditional jazz band, stylistic tips, as well as cultural and historic context of New Orleans music.

Legacy: The Foundation provides members over the age of 60 with a stable income stream for their public roles as educators and neighborhood musicians through monthly stipends as well as daytime employment opportunities related to the Foundation's education program. The Foundation also provides monthly grants as well as other support and services including transportation, lawn care services, bereavement and emergency funds among others.

Archives: The Foundation has been a repository of a variety of recordings, photographs, film reels, contracts, memorabilia and other artifacts which are housed in storage units, the back office, and hard drives of digital files.

Community engagement: The Foundation dedicates resources to provide a Preservation Hall ensemble at free community events. The Foundation also provides small grants to local artist and organizations who are collaborators and whose work the Foundation seeks to support and perpetuate.

2) Summary of significant accounting policies

Significant accounting policies are summarized below.

a) Basis of presentation

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a six-month reserve for emergency relief grants and operations.

Net assets with donor restrictions: Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2) Summary of significant accounting policies (continued)

b) Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to the campus project are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,683,579	\$ 1,719,191
Cash restricted to campus project	499,955	1,251,241
Total cash, cash equivalents, and restricted cash	<u>\$ 2,183,534</u>	<u>\$ 2,970,432</u>

c) Receivables and credit policies

Program service receivables consist primarily of amounts from educational programs for students. The receivables are stated at the amount management expects to collect from outstanding balances. An estimated allowance for credit losses is maintained to reduce the receivables to their carrying amount, which approximates fair value. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Management believes that as of December 31, 2024 and 2023, there are no uncollectible accounts, therefore, no allowance is considered necessary.

d) Promises to give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management believes that as of December 31, 2024 and 2023, there are no uncollectible accounts, therefore, no allowance is considered necessary.

e) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2) Summary of significant accounting policies (continued)

f) 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 promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Until that point, any amounts received are recorded as refundable advances.

Program service fees, exchange-type grants and contract revenues are recognized when services are provided. Program fees, payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

g) Concentrations of credit risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to specific limits and amounts at each investment firm are insured by the Securities Investor Protection Corporation up to specific limits. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates.

The Foundation received 48% and 70% of its contributions from two donors for the years ended December 31, 2024 and 2023, respectively. The Foundation received 99% and 77% of its grants from one grantor for the years ended December 31, 2024 and 2023, respectively.

h) Investments

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

i) Construction in progress

Construction in progress is stated at cost, which includes the cost of construction and other direct cost attributed to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

j) Right of use leased assets and liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Foundation's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2) Summary of significant accounting policies (continued)

k) Property and equipment

Property and equipment additions over \$2,500 are recorded 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 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. 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.

l) Income taxes

The Foundation is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3). In a letter dated August 14, 2021, the IRS issued a determination letter stating that the Foundation meets the requirements for classification as a public charity. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. With few exceptions, the Foundation is no longer subject to federal or state tax examinations beyond three years from the filing of those returns.

m) Advertising costs

Advertising costs are expensed as incurred and approximated \$56,200 and \$16,500 during the years ended December 31, 2024 and 2023, respectively.

n) Functional expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes and professional services which are allocated on the basis of estimates of time and effort.

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

2) Summary of significant accounting policies (continued)

o) In-kind contributions and donations

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers may contribute time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. No significant contributions of goods or services were received during the years ended December 31, 2024 and 2023.

3) Availability and liquidity

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2024</u>
Cash and cash equivalents	\$ 1,683,579
Promises to give	755,000
Receivables	34,856
	<u>\$ 2,473,435</u>

As a part of the Foundation's liquidity plan, excess cash is invested in money market accounts. The Foundation anticipates collecting sufficient revenue from contributions, fundraising events and program services to cover general expenditures over the next twelve months.

4) Promises to give

Conditional and unconditional promises to give are estimated as follows:

	<u>2024</u>	<u>2023</u>
Within one year	\$ 755,000	\$ -
In one to five years	15,000	-
	<u>\$ 770,000</u>	<u>\$ -</u>

5) Net assets with donor restrictions

The restrictions on net assets as of December 31, 2024 and 2023 relate to the following:

	<u>2024</u>	<u>2023</u>
Subject to expenditure of specified purpose		
Education	\$ -	\$ 24,315
Musician support	67,439	-
Campus project	1,990,685	2,277,719
	<u>\$ 2,058,124</u>	<u>\$ 2,302,034</u>

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

5) Net assets with donor restrictions (continued)

	<u>2024</u>	<u>2023</u>
Subject to the passage of time and purpose restriction		
Archives	\$ 150,000	\$ -
Education	400,000	-
Community engagement	150,000	-
Legacy	300,000	-
	<u>1,000,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 3,058,124</u>	<u>\$ 2,302,034</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions		
Education	\$ 233,715	\$ 24,800
Campus project	317,034	347,281
Archives	75,000	10,000
Musician support	222,561	15,000
Development	75,000	100,000
	<u>\$ 923,310</u>	<u>\$ 497,081</u>

6) Related parties

The Foundation records payments of expenses made during the year in lieu of rent with entities owned in part by board members as due from related parties on the statements of financial position.

At December 31, 2024 and 2023, related party receivables from these entities totaled \$42,778 and \$30,929, respectively. The Foundation received no donated goods from related parties during the years ended December 31, 2024 and 2023.

7) Fair value measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

7) Fair value measurements (continued)

assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

At December 31, 2024 and 2023, the Foundation's investments consisted of equity funds totaling \$-0- and \$86,279, respectively. All investments as of December 31, 2024 and 2023 were considered Level 1 investments. There were no transfers between levels during fiscal years 2024 or 2023.

8) Property and equipment

Property and equipment are summarized as follows:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 18,902	\$ 18,902
Less accumulated depreciation	(11,981)	(6,338)
	<u>\$ 6,921</u>	<u>\$ 12,564</u>

9) Shared services agreement

The Foundation and the Hall have entered a Shared Services Agreement which expires December 31, 2025 whereby the Foundation has agreed to share specific staff services and equipment. The Hall has agreed to reimburse the Foundation for the cost of those staff services and equipment.

Payment terms related to shared staff services should not exceed the actual cost incurred by the Foundation and are calculated based on time dedicated to providing services to the Hall on a proportional pro rata basis not to exceed \$10,000 per month, unless approved in writing. The agreement can be terminated in 90 days by either party with a written notice. Shared services payments for the years ended December 31, 2024 and 2023 were \$50,453 and \$39,955, respectively.

10) Leases

The Foundation subleases office, venue, and archive space in New Orleans, Louisiana under a finance lease agreement. The Foundation includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Foundation's finance lease provides for increases in future minimum annual rental payments. The lease does not contain significant residual value guarantees and does not impose significant restrictions or covenants. As of December 31, 2024, the remaining weighted-average lease term for this lease was 36.5 years and the weighted-average discount rate was 4.24%.

The Foundation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Short-term lease cost	\$ 143,950	\$ 142,455
Finance lease cost		
Interest expense	196,646	17,641
Amortization of right-of-use asset	133,142	11,095
	<u>\$ 473,738</u>	<u>\$ 171,191</u>

PRESERVATION HALL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

10) Leases (continued)

The future minimum lease payments under the noncancelable finance lease with terms greater than one year are listed below as of December 31, 2024:

<u>Year ending December 31st</u>	<u>Amount</u>
2025	\$ 185,742
2026	198,196
2027	205,999
2028	205,999
2029	205,999
Thereafter	<u>9,030,966</u>
Total	10,032,901
Less: interest	<u>(5,350,890)</u>
Present value of lease obligation	<u><u>\$ 4,682,011</u></u>

Supplemental cash flows information for the right-of-use asset obtained in exchange for finance lease obligation was \$-0- and \$4,992,826 for the years ended December 31, 2024 and 2023, respectively.

11) Deferred revenue

Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. The following table provides information about significant changes in deferred revenue for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 43,500	\$ 9,375
Increases in deferred revenue due to cash received	71,325	122,002
Deferred revenue recognized for performance obligations satisfied	<u>(87,736)</u>	<u>(87,877)</u>
Deferred revenue, end of year	<u><u>\$ 27,089</u></u>	<u><u>\$ 43,500</u></u>

12) Subsequent events

The Foundation has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued. Management feels that there were no material subsequent events that required recognition or additional disclosures in these financial statements.



Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Jonathan P. Koenig
John D. White
Valerie L. Lowry
Thomas R. Laine

Brian M. Menendez
Richard J. Tullier, Jr
James G. Hargrove
Kathy L. Flattmann
Melissa L. Chauvin

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
Preservation Hall Foundation, 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 Preservation Hall Foundation, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Preservation Hall Foundation, 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Preservation Hall Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Preservation Hall Foundation, 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 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Preservation Hall Foundation, 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
June 30, 2025

Wegmann Dazet, APC

PRESERVATION HALL FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2024

SUMMARY OF COMPENSATION

Greg Lucas, Executive Director

- None of the agency head's compensation was derived from state and/or local assistance.

PRESERVATION HALL FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Years Ended December 31, 2024 and 2023

2024 Findings Related to the Financial Statements

No findings noted.

2023 Findings Related to the Financial Statements

Not applicable.

PRESERVATION HALL FOUNDATION, INC

STATEWIDE AGREED-UPON PROCEDURES

For the Year Ended December 31, 2024

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024

To the Board of Directors of Preservation Hall Foundation, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 01, 2024 through December 31, 2024. Preservation Hall Foundation, Inc.'s (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 01, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Results - We performed the procedures noted above and noted no exceptions. The Entity is a non-profit and accordingly, item ix) and item xii) above are not applicable. The Entity does not hold debt, and accordingly, item x) above is not applicable.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure Results - We performed the procedures noted above and noted no exceptions. The Entity is not a governmental entity, nor does it report on the governmental accounting model, accordingly, item ii) and iii) above are not applicable. The Entity does not have any audit findings, therefore, item iv) above is not applicable.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results - We performed the procedures noted above and noted no exceptions.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure Results - We performed the procedures noted above and noted no exceptions.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers.

Procedure Results - We performed the procedure noted above and noted no exceptions.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Procedure Results - We performed the procedure noted above and noted no exceptions.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Procedure Results – We performed the procedure noted above and noted no exceptions.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Procedure Results – We performed the procedure noted above and noted no exceptions.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Results - We performed the procedures noted above and noted no exceptions.

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Procedure Results - We performed the procedure noted above and noted no exceptions.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee

job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
- ii. At least two employees are involved in processing and approving payments to vendors.
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Procedure Results - We performed the procedure noted above and noted no exceptions.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedure Results - We performed the procedures noted above and noted no exceptions.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Procedure Results - We performed the procedure noted above and noted no exceptions.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- C. Using the monthly statements or combined statements selected under #7B above, excluding fuelcards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results - We performed the procedures noted above and noted no exceptions.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures in procedure #1A(vii).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results - We performed the procedures above and noted no exceptions.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results - The Entity is a non-profit, accordingly item i). is not applicable. We performed the remaining procedures noted above and noted no exceptions.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or official's cumulative leave records, agree the pay rates to the employee or official's authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

Procedure Results - We performed the procedures noted above and noted no exceptions.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedure Results - We performed the procedure noted above and noted no exceptions.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Procedure Results - This section is not applicable to the Entity.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results - This section is not applicable to the Entity.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Procedure Results - There were no debt instruments issued during the fiscal period. Accordingly, this section is not applicable.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedure Results - The Entity does not carry debt, accordingly, this section is not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Procedure Results - The Entity did not have misappropriations of public funds or assets during the fiscal period. Accordingly, this section is not applicable.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure Results - The Entity did not experience any of the instances listed above. Accordingly, this section is not applicable

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Procedure Results – We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Procedure Results – There were no terminated employees during the fiscal period. Accordingly, this section is not applicable.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Procedure Results - This section is not applicable to the Entity.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Procedure Results - This section is not applicable for not-for-profit entities.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Procedure Results - This section is not applicable for not-for-profit entities.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements.
- ii. Number of sexual harassment complaints received by the agency.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.
- v. Amount of time it took to resolve each complaint.

Procedure Results - This section is not applicable for not-for-profit entities.

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the

SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Metairie, Louisiana
June 30, 2025

Wegmann Dazet, APC