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**NEW ORLEANS JAZZ & HERITAGE  
FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2022**

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**NEW ORLEANS JAZZ & HERITAGE  
FESTIVAL AND FOUNDATION, INC.  
NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
New Orleans Jazz & Heritage Festival and Foundation, Inc.  
New Orleans, Louisiana

### **Report on the Audit of Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of New Orleans Jazz & Heritage Festival and Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of August 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 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 Foundation'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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 schedule of expenditures of federal awards on page 29, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 our report dated February 27, 2023, on our consideration of the Foundation's internal control over financial reporting and 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 Foundation'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 Foundation's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
February 27, 2023

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	<b><u>ASSETS</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash and cash equivalents	\$ 6,047,900	\$ 13,864,210
Receivables from sponsors, vendors, and miscellaneous	1,073,851	782,372
Investments	27,166,221	32,143,184
Jazznet Program investments	555,105	612,858
Prepaid expenses and other assets	252,102	571,234
Art collection	694,051	694,051
Property and equipment, net	<u>6,565,373</u>	<u>7,184,738</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 42,354,603</u></b>	<b><u>\$ 55,852,647</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 1,986,261	\$ 2,252,576
Ticket refunds due	1,301,630	-
Deferred revenue	97,800	8,203,944
Advance on future festival revenues	-	1,251,400
Refundable advance - federal grant	<u>-</u>	<u>3,376,943</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>3,385,691</u></b>	<b><u>15,084,863</u></b>
Without donor restrictions		
Board designated	10,143,641	10,143,176
Undesignated	<u>27,928,265</u>	<u>29,614,052</u>
<b><u>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>	<b><u>38,071,906</u></b>	<b><u>39,757,228</u></b>
With donor restrictions	<u>897,006</u>	<u>1,010,556</u>
<b><u>TOTAL NET ASSETS</u></b>	<b><u>38,968,912</u></b>	<b><u>40,767,784</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 42,354,603</u></b>	<b><u>\$ 55,852,647</u></b>

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

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>REVENUES AND SUPPORT</u></b>						
Festival revenues	\$ 46,528,304	\$ -	\$ 46,528,304	\$ 719,003	\$ -	\$ 719,003
In-kind Festival donations	2,030,327	-	2,030,327	-	-	-
Less expenses	(45,102,120)	-	(45,102,120)	(4,442,491)	-	(4,442,491)
Festival - net revenues (losses)	3,456,511	-	3,456,511	(3,723,488)	-	(3,723,488)
Foundation Gala (net of expenses of \$218,163 in 2022 and \$3,935 in 2021)	150,731	-	150,731	(3,935)	-	(3,935)
Other festivals revenues	106,792	-	106,792	18,207	-	18,207
Federal grant	3,376,943	-	3,376,943	6,623,057	-	6,623,057
Grants/contributions	1,526,500	1,531,877	3,058,377	237,305	467,557	704,862
Investment income (loss), net	(4,374,177)	28,627	(4,345,550)	5,473,693	28,237	5,501,930
Membership	13,535	-	13,535	85,687	-	85,687
Miscellaneous	258,646	-	258,646	292,083	-	292,083
Total net revenues	4,515,481	1,560,504	6,075,985	9,002,609	495,794	9,498,403
Net assets released from restrictions	1,674,054	(1,674,054)	-	244,639	(244,639)	-
Total revenues and other support	6,189,535	(113,550)	6,075,985	9,247,248	251,155	9,498,403
<b><u>EXPENSES</u></b>						
Budgeted programs	3,505,234	-	3,505,234	2,511,719	-	2,511,719
Special programs	838,658	-	838,658	575,037	-	575,037
Administrative expenses	910,765	-	910,765	570,472	-	570,472
Operating expenses	980,500	-	980,500	902,410	-	902,410
Salaries and benefits	1,639,700	-	1,639,700	1,495,244	-	1,495,244
Total expenses	7,874,857	-	7,874,857	6,054,882	-	6,054,882
Change in net assets	(1,685,322)	(113,550)	(1,798,872)	3,192,366	251,155	3,443,521
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	39,757,228	1,010,556	40,767,784	36,564,862	759,401	37,324,263
<b><u>NET ASSETS, END OF YEAR</u></b>	<u>\$ 38,071,906</u>	<u>\$ 897,006</u>	<u>\$ 38,968,912</u>	<u>\$ 39,757,228</u>	<u>\$ 1,010,556</u>	<u>\$ 40,767,784</u>

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



**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Artist / talent	\$ 18,524,348	\$ -	\$ 19,100	\$ 18,543,448
Salaries and wages	5,041,468	480,773	95,044	5,617,285
Professional fees	9,519,190	204,960	20,834	9,744,984
Grants and other assistance	3,679,716	-	-	3,679,716
Insurance	2,005,452	126,102	714	2,132,268
Office expenses	215,159	47,239	20,522	282,920
Advertising and promotion	510,406	8,627	165	519,198
Depreciation	570,124	67,324	-	637,448
Occupancy	565,638	100,326	9,000	674,964
Employee benefits	363,352	39,932	12,076	415,360
Payroll taxes	388,797	37,573	7,227	433,597
Travel	563,048	-	33	563,081
Direct cost - catering / merchandise cost of goods sold	-	-	171,758	171,758
Information technology	45,016	6,467	-	51,483
Legal fees	21,732	129,531	-	151,263
Royalties	146,223	-	-	146,223
Accounting fees	-	38,385	-	38,385
Conferences, conventions, and meetings	556	1,060	-	1,616
Training and development	2,205	963	185	3,353
Other expenses:				
Festival expenses	9,306,245	40,147	-	9,346,392
Program expenses	40,133	-	265	40,398
Total expenses by function	<u>\$ 51,508,808</u>	<u>\$ 1,329,409</u>	<u>\$ 356,923</u>	<u>\$ 53,195,140</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Festival expenses				(45,102,120)
Gala expenses				(218,163)
Total expenses included in the expense section on the statement of activities and changes in net assets				<u>\$ 7,874,857</u>

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

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Artist / talent	\$ 1,427,215	\$ -	\$ -	\$ 1,427,215
Salaries and wages	2,004,803	393,710	79,646	2,478,159
Professional fees	1,041,988	255,819	350	1,298,157
Grants and other assistance	2,085,221	-	-	2,085,221
Insurance	126,263	119,274	693	246,230
Office expenses	63,376	54,873	10,194	128,443
Advertising and promotion	691,989	12,005	1,078	705,072
Depreciation	562,630	96,887	-	659,517
Occupancy	281,027	72,493	-	353,520
Employee benefits	325,693	38,211	10,538	374,442
Payroll taxes	205,807	38,148	12,542	256,497
Travel	9,667	-	-	9,667
Direct cost - catering / merchandise cost of goods sold	2,756	-	-	2,756
Information technology	53,003	27,544	-	80,547
Legal fees	13,316	51,486	-	64,802
Accounting fees	-	44,890	-	44,890
Conferences, conventions, and meetings	-	-	649	649
Training and development	6,749	3,925	-	10,674
Other expenses:				
Festival expenses	93,070	2,867	-	95,937
Program expenses	177,644	-	1,269	178,913
Total expenses by function	<u>\$ 9,172,217</u>	<u>\$ 1,212,132</u>	<u>\$ 116,959</u>	<u>\$ 10,501,308</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Festival expenses				(4,442,491)
Gala expenses				(3,935)
Total expenses included in the expense section on the statement of activities and changes in net assets				<u>\$ 6,054,882</u>

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

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (1,798,872)	\$ 3,443,521
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized losses (gains) on investments	6,639,830	(1,954,695)
Depreciation	637,448	659,517
Decrease (increase) in assets:		
Receivables from sponsors, vendors, and miscellaneous	(291,479)	(592,845)
Prepaid expenses and other assets	319,132	(32,626)
Increase (decrease) in liabilities:		
Accounts payable	(266,315)	2,052,333
Ticket refunds due	1,301,630	-
Deferred revenue	(8,106,144)	4,533,955
Advance on future festival revenues	(1,251,400)	1,251,400
Refundable advance - federal grant	(3,376,943)	3,376,943
Forgiveness of PPP loan	-	(251,300)
Net cash provided by (used in) operating activities	(6,193,113)	12,486,203
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(18,083)	(2,097)
Purchases of investments	(13,109,430)	(13,947,600)
Proceeds from sales of investments	11,504,316	9,688,816
Net cash used in investing activities	(1,623,197)	(4,260,881)
Net change in cash and cash equivalents	(7,816,310)	8,225,322
<b><u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u></b>		
Cash and cash equivalents, beginning of year	13,864,210	5,638,888
Cash and cash equivalents, end of year	\$ 6,047,900	\$ 13,864,210

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

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**1. Nature of Activities**

New Orleans Jazz & Heritage Festival and Foundation, Inc. (the “Foundation”) is a nonprofit organization located in New Orleans, Louisiana. The primary purpose of the Foundation is the promotion of New Orleans jazz and Louisiana heritage. The Foundation fulfills its purpose by producing the New Orleans Jazz & Heritage Festival (the “Festival”) on an annual basis. The Festival is also the major source of funding for the Foundation’s operations throughout the year.

The April 2021 and 2020 Festivals were cancelled due to Covid-19. See further discussion of certain financial statement impacts within the subsequent footnotes below.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Basis of Presentation**

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board of directors has designated a portion of net assets from net assets without donor restrictions for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other actions by the Foundation. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the principal not be expended, but rather to provide a permanent source of income for the Foundation’s programs. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments in money market funds and investments with original maturities of three months or less to be cash equivalents.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

Allowance for Doubtful Accounts

The Foundation uses the reserve method to recognize uncollectible accounts. The allowance for doubtful accounts is based on management's analysis of delinquent accounts receivable. No allowance was deemed necessary by management as of August 31, 2022 or 2021.

Promises to Give

Contributions are recognized when the donor makes an unconditional pledge to the Foundation. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are recognized as assets, less an allowance for uncollectible amounts (if necessary), and revenues. A promise to give to be made over several years is discounted to net present value.

Investments

Investments are carried at fair value, based on quoted market prices. Investments acquired through donations are recorded at fair value on the date of donation.

Investment income or losses, including realized and unrealized gains or losses, is recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Realized gains and losses on the sales of securities are determined using the specific-identification method.

Jazznet Program Investments

The Jazznet Program Fund is an investment account comprised of mutual funds carried at fair market value based on quoted market prices. This fund is accounted for separately to hold contributions which are donor restricted for the Jazznet Program.

Property and Equipment

The Foundation records all asset acquisitions at cost, except for assets donated to the Foundation. Donated assets are recorded at appraised value as of the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

Property and Equipment (continued)

Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Repairs and maintenance are charged to expense as incurred. Major renewals, replacements, and betterments are capitalized and amortized over the remaining life of the asset.

Property and equipment are depreciated using the straight-line method over the estimated useful lives shown below:

<u>Classification</u>	<u>Life in Years</u>
Buildings and improvements	15 - 39
Furniture and fixtures	5 - 10
Equipment	3 - 10

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than carrying value. For the years ended August 31, 2022 and 2021, there was no impairment charge recorded.

Art Collection

The Foundation purchased several works of art that are carried in the accompanying financial statements at cost. The Foundation does not record depreciation on the art collection, as depreciation is not required to be recognized under GAAP on individual works of art or historical treasures whose economic benefit or service potential is used up so slowly that their estimated useful lives are extraordinarily long.

Grants / Contributions and Revenue Recognition, and Deferred Revenues

Festival and gala ticket revenue is recognized when the event takes place. Festival concessions and merchandise revenue is recognized at the time of sale. Contributions, both festival and gala related and for general purposes, are recognized when cash, securities, or other assets or an unconditional promise to give is received. Grant revenue is recognized when the Foundation has a right to reimbursement under the grant, generally corresponding to the incurring of grant-related expenses by the Foundation, or when earned under the terms of the grant. Membership revenue is recognized upon receipt.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**Grants / Contributions and Revenue Recognition, and Deferred Revenues (continued)**

In addition to cash contributions received from the various sponsors, certain goods and services were also received at no cost to the Foundation to support various programs. The Foundation records the in-kind value of these goods and services contributed as revenue at their estimated fair value on the date of receipt and related expenses when utilized.

As the April 2021 and 2020 festivals were cancelled due to Covid-19, holders of purchased tickets to those festivals were allowed to request a cash refund or to use their ticket at a future festival. In addition, some planned sponsors for the April 2021 and 2020 festivals deferred the use of their paid sponsorship to be allocated to a future festival. Such amounts paid to the Foundation have been recorded as deferred revenues in the accompanying Statement of Financial Position as of August 31, 2021. A majority of these amounts were recognized as revenue during the year ended August 31, 2022 when the 2022 Festival was held, with a small portion remaining recorded as deferred revenues in the accompanying Statement of Financial Position as of August 31, 2022.

In addition to the festival cancellation, the Gala was cancelled during April 2021 and 2020 due to Covid-19. The purchased ticket holders were allowed to a cash refund, turn their ticket into a donation, or to use their ticket at a future Gala. Such amounts have been recorded as deferred revenues in the accompanying Statement of Financial Position as of August 31, 2021. A majority of these amounts were recognized as revenue during the year ended August 31, 2022 when the 2022 Gala was held, with a small portion remaining recorded as deferred revenues in the accompanying Statement of Financial Position as of August 31, 2022.

**Donated Services of Volunteers**

Volunteers contribute significant amounts of time to the Foundation's program services. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP.

**Expense Allocation**

The costs of providing the various activities have been summarized on a functional basis on the Statements of Functional Expenses. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the program and supporting services benefitted using appropriate methodologies. Salaries and wages, employee benefits, and payroll taxes have been allocated based on management's estimate of periodic time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**2. Summary of Significant Accounting Policies (continued)**

Advertising Costs

Advertising costs are charged to operations when the advertising is incurred.

Income Taxes

The Foundation is a non-profit organization that is exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. The Foundation applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. The Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a fifty percent likelihood of being sustained upon examination by the taxing authorities.

Presentation of Sales Taxes

When applicable under state jurisdiction, the Foundation collects sales tax from customers and remits the amounts to the applicable jurisdiction. The Foundation’s accounting policy is to exclude the tax collected and remitted to the applicable jurisdiction from revenue and costs of sales.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

As of September 1, 2021, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not- for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Foundation’s fiscal year ended August 31, 2022. The Foundation’s adoption of ASU 2020-07 resulted in a change to its financial statement presentation and increased disclosure related to gifts-in-kind. The adoption had no impact on the overall change in net assets.



**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**3. Liquidity and Availability**

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available to meet general expenditures over the next twelve months at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total assets	\$ 42,354,603	\$ 55,852,647
Less: non-current and non-financial assets		
Prepaid expenses and other assets	(252,102)	(571,234)
Art collection	(694,051)	(694,051)
Property and equipment, net	<u>(6,565,373)</u>	<u>(7,184,738)</u>
Total current financial assets at year end	34,843,077	47,402,624
Less: financial asset designations and restrictions		
Board designated net assets	(10,143,641)	(10,143,176)
Net assets with donor restrictions	<u>(897,006)</u>	<u>(1,010,556)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 23,802,430</u>	<u>\$ 36,248,892</u>

The Foundation's governing Board of Directors has designated a portion of its resources for specific purposes (see note 7). Those amounts are identified as designated in the table above. These funds remain available and may be spent at the discretion of the Board of Directors.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**4. Concentration of Credit Risk**

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

**5. Property and Equipment**

Property and equipment at August 31, 2022 and 2021 consist of the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Land	\$ 446,250	\$ 446,250
Buildings and improvements	11,523,826	11,523,826
Equipment, furniture, and fixtures	918,100	907,396
	<u>12,888,176</u>	<u>12,877,472</u>
Less accumulated depreciation	(6,322,803)	(5,692,734)
Total	<u>\$ 6,565,373</u>	<u>\$ 7,184,738</u>

**6. Fair Value Measurements**

Fair value measurement standards established 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. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs.

The Foundation uses quoted prices for identical securities for valuing mutual funds, money market funds, and certificates of deposit which are within the Level 1 hierarchy.

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

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**6. Fair Value Measurements (continued)**

As of August 31, 2022 assets measured at fair value on a recurring basis are composed of and determined as follows:

Description	Based on			
	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments				
Money market funds and certificates of deposits	\$ 207,516	\$ 207,516	\$ -	\$ -
Mutual funds				
Global equity	15,192,945	15,192,945	-	-
Fixed income	8,408,219	8,408,219	-	-
Bond fund	3,357,541	3,357,541	-	-
Total investments	<u>\$ 27,166,221</u>	<u>\$ 27,166,221</u>	<u>\$ -</u>	<u>\$ -</u>
Jazznet Program Investments				
Mutual funds				
Global equity	\$ 197,715	\$ 197,715	\$ -	\$ -
Bond fund	94,838	94,838	-	-
Fixed income	262,552	262,552	-	-
Total Jazznet Program investments	<u>\$ 555,105</u>	<u>\$ 555,105</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**6. Fair Value Measurements (continued)**

As of August 31, 2021 assets measured at fair value on a recurring basis are composed of and determined as follows:

Description	Based on			
	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments				
Money market funds and certificates of deposits	\$ 267,133	\$ 267,133	\$ -	\$ -
Mutual funds				
Global equity	15,305,391	15,305,391	-	-
Fixed income	12,681,465	12,681,465	-	-
Bond fund	3,889,195	3,889,195	-	-
Total investments	<u>\$ 32,143,184</u>	<u>\$ 32,143,184</u>	<u>\$ -</u>	<u>\$ -</u>
Jazznet Program Investments				
Mutual funds				
Global equity	\$ 206,998	\$ 206,998	\$ -	\$ -
Bond fund	96,180	96,180	-	-
Fixed income	309,680	309,680	-	-
Total Jazznet Program investments	<u>\$ 612,858</u>	<u>\$ 612,858</u>	<u>\$ -</u>	<u>\$ -</u>

**7. Designated Net Assets**

The Foundation's Board of Directors has dedicated a portion of the net assets without donor restrictions for the following purposes as of August 31:

	<u>2022</u>	<u>2021</u>
Reserves	\$ 10,127,582	\$ 10,127,582
Allen Jaffe Memorial Fund	15,059	15,059
Foundation programs	1,000	535
Total designated net assets	<u>\$ 10,143,641</u>	<u>\$ 10,143,176</u>

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**8. Restrictions on Net Assets**

Net assets have been restricted for the following purposes as of August 31:

	<u>2022</u>	<u>2021</u>
Restricted for purpose or time:		
Music Relief Fund	\$ 135,100	\$ 253,003
Music Rising Fund	90,000	-
S.E.E.D. Program	75,094	102,988
Jazznet Program	55,105	112,858
Raisin' the Roof	29,368	29,368
Heritage School of Music	12,339	12,339
Restricted in perpetuity:		
Endowment - Jazznet Program	500,000	500,000
Total	<u>\$ 897,006</u>	<u>\$ 1,010,556</u>

The Foundation maintains an account for activities attributable to the Supporting, Enfranchising, Economic, Development (“S.E.E.D.”) Program. The program was established to support small business development in the New Orleans community for entrepreneurs who are associated with the Foundation.

The endowment consists of funds held in a separate investment account under the Jazznet Program. The Foundation manages its funds independently. The income on these funds, which are to be maintained in perpetuity, is available to support jazz programs under the stipulations of the donor.

**9. Endowments**

*The Endowment.* The Foundation’s endowment is comprised of one fund, established to promote jazz programming to its community, and consists of net assets with donor restrictions. Income generated by the endowment shall be directly utilized for jazz programming. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law.* The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**9. Endowments (continued)**

As a result of this interpretation, the Foundation classifies the following amounts as net assets with donor restrictions in the accompanying financial statements:

- the original value of the gifts donated in perpetuity,
- the original value of subsequent gifts donated in perpetuity, and
- when applicable, accumulations to the gifts donated in perpetuity, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no additional gifts during the years ended August 31, 2022 and 2021.

The remaining portion of the endowment fund with donor restrictions that is not classified in restricted in perpetuity net assets is classified as restricted for purpose or time net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions.

- The duration and the preservation of the fund
- The purposes of the Foundation and the endowment fund with donor restrictions
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2022 and 2021 is as follows:

	<b>2022</b>		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Donor-restricted endowment funds	<u>\$ 55,105</u>	<u>\$ 500,000</u>	<u>\$ 555,105</u>
	<b>2021</b>		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Donor-restricted endowment funds	<u>\$ 112,858</u>	<u>\$ 500,000</u>	<u>\$ 612,858</u>

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**9. Endowments (continued)**

Changes in endowment net assets are as follows:

	<b>2022</b>		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Net assets, beginning of the year	\$ 112,858	\$ 500,000	\$ 612,858
Net investment return	28,627	-	28,627
Contributions	6,931	-	6,931
Releases	(93,311)	-	(93,311)
Net assets, end of the year	\$ 55,105	\$ 500,000	\$ 555,105
	<b>2021</b>		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Net assets, beginning of the year	\$ 122,450	\$ 500,000	\$ 622,450
Net investment return	28,237	-	28,237
Releases	(37,829)	-	(37,829)
Net assets, end of the year	\$ 112,858	\$ 500,000	\$ 612,858

*Funds with Deficiencies.* The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and when continued appropriations for certain programs that were deemed prudent by the Board of Directors occur in concurrence with the unfavorable market fluctuations. There were no such deficiencies as of August 31, 2022 or 2021.

*Return Objectives and Risk Parameters.* Endowment assets include donor restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, gifts in perpetuity to the Foundation are invested in equity investments, fixed income, money market funds, and cash equivalents. The investment objective of the Endowment shall be that funds invested receive a yield of a 3% - 5% return. The Board of Directors, with the recommendation of the Finance Committee, shall make investment decisions. The Finance Committee reviews these guidelines with management on a quarterly basis.

*Strategies Employed for Achieving Objectives.* To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends).

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**9. Endowments (continued)**

*Spending Policy and How Investment Objectives Relate to the Spending Policy.* A policy was implemented to distribute a percentage of the dividend and interest income directly for jazz programs for each fiscal year in those years that the financial performance of the investment exceeds expectation. The Finance Committee will make a recommendation on an annual basis to release a certain percentage when appropriate. In establishing this policy, the Foundation considered the risk in the investment environment related to its endowment gifts. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

**10. In-kind Donations**

During the year ended August 31, 2022, the Foundation received contributions of donated goods and services as follows:

Musical equipment	\$ 1,674,092
Hotel rooms	196,000
Food	60,235
Gift cards	50,000
Professional services	50,000
Total	<u>\$ 2,030,327</u>

All donated assets were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets. Donated musical equipment, hotel rooms, food, and gift cards are valued at the wholesale prices that would be paid for purchasing or renting similar products. Professional services are valued at their fair market value price at the time of donation.

There were no in-kind donations for the year ended August 31, 2021.

**11. Litigation**

The Foundation is a defendant in various lawsuits. These claims are being defended by the Foundation's liability insurer. The Foundation's legal counsel is of the opinion that the Foundation has minimal risk of incurring any uninsured loss.

**12. Related Party Transactions**

Certain members of the Foundation's Board of Directors also serve on the Board of Directors of WWOZ. Funding and payments to WWOZ totaled \$600,000 for each of the years ended August 31, 2022 and 2021 and are included in budgeted programs on the Statements of Activities and Changes in Net Assets.



**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**13. Retirement Plan**

The Foundation has a defined contribution retirement plan for all eligible employees. Employees are eligible to participate in the plan after completing one year of service. The plan specifies that the Foundation contribute on behalf of the employees based on their annual contributions. The Foundation's contributions were \$97,104 and \$52,645 for the years ended August 31, 2022 and 2021, respectively.

**14. Commitments**

On January 27, 2005, the Foundation entered into a production management and financing agreement ("the Agreement") between two companies, collectively the Producers, to produce and manage the New Orleans Jazz and Heritage Festival. The Agreement includes two extension periods of five years or longer as a result of an option for a successive one-year extension as a result of specially cancelled festivals, as defined in the agreement. The current expiration date of the Agreement is August 31, 2025. The Agreement provides for a base producers' fee and an additional allocation of festival net revenues to be paid by the Foundation each year for each annual festival produced, subject to adjustment at the start of each extension term in accordance with a cost of living adjustment. The agreement requires an annual advance to the Foundation, also subject to adjustment at the start of each extension term in accordance with a cost of living adjustment.

The festival scheduled for April 2021 was cancelled due to Covid-19. Under the Agreement, in the event of a Force Majeure cancellation of a festival by the Foundation (a Specially Cancelled Festival), the Foundation will incur all losses associated with the Specially Cancelled Festival. The realized revenues and expenses related to the cancelled April 2021 festival resulted in a loss of approximately \$3.7 million, which is recorded in the accompanying Statement of Activities and Changes in Net Assets for the year ended August 31, 2021. Due to the cancellation of the April 2021 festival, the amount received as an advance was recorded as an advance on future festival revenues on the Statement of Financial Position as of August 31, 2021.

**15. Shuttered Venue Operators Grant**

During the year ended August 31, 2021, the Foundation applied for and was awarded a \$10,000,000 Shuttered Venue Operators Grant by the U.S. Small Business Administration. The grant funds can be used on allowable expenditures incurred from March 1, 2020 through December 31, 2021. The Foundation recorded \$6,623,057 as federal revenue on the Statement of Activities and Changes in Net Assets for the year ended August 31, 2021, which represents the amount of allowable expenditures incurred as of August 31, 2021. The remaining amount of the grant, \$3,376,943, was recorded as a refundable advance on the Statement of Financial Position as of August 31, 2021. During the year ended August 31, 2022, the Foundation incurred allowable expenditures equaling the remaining amount of the grant, \$3,376,943, and recorded that amount as federal revenue on the Statement of Activities and Changes in Net Assets for the year ended August 31, 2022.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**16. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 27, 2023, and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**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 of  
New Orleans Jazz & Heritage Festival and 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 New Orleans Jazz & Heritage Festival and Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, 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 February 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designating audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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 Foundation’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 Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

Metairie, Louisiana  
February 27, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors of  
New Orleans Jazz & Heritage Festival and Foundation, Inc.  
New Orleans, Louisiana

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited New Orleans Jazz & Heritage Festival and Foundation, Inc.'s (the Foundation's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended August 31, 2022. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Postlethwaite & Netterville*

Metairie, Louisiana  
February 27, 2023

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grantor Project Number</b>	<b>Federal Expenditures</b>
<b>U.S. Small Business Administration</b>			
Direct funding:			
Shuttered Venue Operators Grant (COVID-19 Funding)	59.075	SBAHQ21SV006615	\$ 3,376,943
Total U.S. Small Business Administration			<u>3,376,943</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 3,376,943</u></u>

See notes to schedule of expenditures of federal awards.



**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of the federal financial awards program of New Orleans Jazz & Heritage Festival and Foundation, Inc. (the Foundation). The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Foundation's reporting entity is defined in Note 1 to the financial statements for the year ended August 31, 2022. All Federal financial awards have been included on the Schedule.

**(2) Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the Foundation's financial statements for the year ended August 31, 2022.

**(3) Indirect Costs**

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**Part I – Summary of Auditors’ Results**

**Financial Statement Section**

Type of Auditors’ Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	None reported
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards Section**

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	None reported

Type of Auditors’ Report on Compliance for Major Programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Major Program:

Name of Federal Program – Assistance Listing Numbers:  
Shuttered Venue Operators Grant (COVID-19 Funding) – 59.075

Dollar threshold used to determine Type A Programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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**Part II – Financial Statement Findings Section**

None

**Part III – Federal Awards Findings and Questioned Costs Section**

None

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**NEW ORLEANS, LOUISIANA**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**Part II – Financial Statement Findings Section**

None

**Part III – Federal Awards Findings and Questioned Costs Section**

None

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**NEW ORLEANS JAZZ & HERITAGE  
FESTIVAL AND FOUNDATION, INC.  
NEW ORLEANS, LOUISIANA**

**REPORT ON STATEWIDE  
AGREED-UPON PROCEDURES ON COMPLIANCE AND  
CONTROL AREAS**

**AUGUST 31, 2022**

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**NEW ORLEANS JAZZ & HERITAGE  
FESTIVAL AND FOUNDATION, INC.  
NEW ORLEANS, LOUISIANA**

**REPORT ON STATEWIDE  
AGREED-UPON PROCEDURES ON COMPLIANCE AND  
CONTROL AREAS**

**AUGUST 31, 2022**

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INDEPENDENT ACCOUNTANT’S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
New Orleans Jazz & Heritage Festival and Foundation, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A 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 September 1, 2021 through August 31, 2022. New Orleans Jazz & Heritage Festival and Foundation, Inc.’s management is responsible for those C/C areas identified in the SAUPs.

New Orleans Jazz & Heritage Festival and Foundation, Inc. (the Foundation) 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 LLA’s SAUPs for the fiscal period September 1, 2021 through August 31, 2022. Additionally, the 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Foundation 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 Foundation 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.

*Postlethwaite & Netterville*

Postlethwaite & Netterville  
February 27, 2023

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**AUGUST 31, 2022**

SCHEDULE A

The procedure performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exceptions noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

***A - Written Policies and Procedures***

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1. 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):

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*Exception noted. The Foundation does not have a written policy covering budgeting.*

b) **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.

*Exception noted. The Foundation does not have a written policy covering purchasing.*

c) **Disbursements**, including processing, reviewing, and approving.

*Exception noted. The Foundation does not have a written policy covering disbursements.*

d) **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).

*Exception noted. The Foundation does not have a written policy covering receipts/collections.*

e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

*Exception noted. The Foundation does not have a written policy covering payroll/personnel.*

f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*Exception noted. The Foundation does not have a written policy covering contracting.*



**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**AUGUST 31, 2022**

SCHEDULE A

- g) **Credit Cards (and debit cards, fuel cards, P-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).

*Exception noted. The Foundation does not have a written policy covering credit cards.*

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Exception noted. The Foundation does not have a written policy covering travel and expense reimbursements.*

- i) **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.

*The Foundation is a not-for-profit entity; therefore, it is not required to have written policies covering ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Foundation does not have any debt; therefore, it does not have written policies covering debt service.*

- k) **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.

*Exception noted. The Foundation does not have a written policy covering information technology disaster recovery/business continuity.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The Foundation is a not-for-profit entity; therefore, it is not required to have written policies covering sexual harassment.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**AUGUST 31, 2022**

SCHEDULE A

***B - Board or Finance Committee***

---

2. 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:
- a) Observe whether 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.

*No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*

*No exceptions noted.*

- c) 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.

*The Foundation is not a governmental entity; therefore, this procedure is not applicable.*

***C - Bank Reconciliations***

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3. 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:

*A listing of bank accounts was provided and included a total of nine bank accounts. Management identified the Foundation's main operating accounts. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected five bank accounts (two main operating accounts and 3 randomly selected accounts) and obtained the bank reconciliations for the month ending August 31, 2022, which were subjected to the below procedures.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**AUGUST 31, 2022**

SCHEDULE A

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*No exceptions noted.*

- c) 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.

*No exceptions noted.*

***D - Collections (excluding electronic funds transfers)***

---

4. 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).

*A listing of deposit sites was provided and included a total of three deposit sites. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected all three deposit sites and performed the procedures below.*

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

*A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of five collection locations. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected one collection location for each deposit site, for a total of three collection locations selected. Review of the Foundation's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- a) Employees responsible for cash collections do not share cash drawers/registers.

*Exception noted. For one of the three collection locations selected for our procedures, the employees responsible for cash collections share cash drawers/registers.*

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

*No exceptions noted.*

- c) Each employee responsible for collecting cash is not 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.

*No exceptions noted.*

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

*No exceptions noted.*

6. 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 enforced during the fiscal period.

*No exceptions noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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:

*We randomly selected two deposit dates for each of the five bank accounts selected in procedure #3. We obtained supporting documentation for each of the ten deposits and performed the procedures below.*

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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- d) Observe 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).

*For one of the ten deposits selected for our procedures, the deposit was not made within one business day of receipt.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

***E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. 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).

*The listing of locations that process payments for the fiscal period was provided. The listing included two locations. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected both locations and performed the procedures below.*

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Foundation's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**AUGUST 31, 2022**

SCHEDULE A

- c) 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.

*Exception noted. For both payment processing locations, the payment processor has the ability to add / modify vendor files. Another employee is not responsible for periodically reviewing changes to vendor files.*

- d) 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.

*Exception noted. For one of the two disbursement processing locations, the employee responsible for processing payments also mails the checks.*

10. For each location selected under #8 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:

*A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected five disbursements, for a total of ten disbursements selected, and performed the procedures below.*

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

*No exceptions noted.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Exception noted. For all ten disbursements selected for our procedures, the payment processor has the ability to add / modify vendor files. For five of the ten disbursements selected for our procedures, the employee responsible for processing payments also mails the checks.*

***F - Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

*A listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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12. 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:

*From the listing provided, we randomly selected five cards (four credit cards and one fuel card) that were used during the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.*

- a) 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, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Exceptions noted. For three of the five cards selected for our procedures, the monthly statement was not reviewed and approved, in writing, by someone other than the authorized card holder.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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.

*We randomly selected ten transactions (or all transactions if less than ten) from the monthly credit card statements selected in procedure #12 and performed the specified procedures. No exceptions noted.*

**G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

---

14. 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:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period, noting a total of two reimbursements. No exceptions were noted as a result of performing this procedure.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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*From the listing provided, we selected both reimbursements and performed the procedures below.*

- a) If reimbursed using a per diem, observe 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](http://www.gsa.gov)).

*No exceptions noted.*

- a) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- b) 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 policy (procedure #1h).

*No exceptions noted.*

- c) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

***H - Contracts***

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15. 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:

*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 was provided, noting a total of four contracts. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected all four contracts and performed the procedures below.*

- a) 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.

*No exceptions noted.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions noted.*



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- c) 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).

*No exceptions noted.*

- d) 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.

*We randomly selected one payment for the four contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.*

***I - Payroll and Personnel***

---

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

*A listing of employees employed during the fiscal period and management's representation that the listing is completed was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected five employees and performed the specified procedures.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees selected in procedure #16.*

- a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

18. 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 officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*Management represented that there were no employees who received termination payments during the fiscal period; therefore, this procedure is not applicable.*

19. 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.

*No exceptions noted.*

***J - Ethics***

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*These procedures are not applicable because the Foundation is a not-for-profit entity.*

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) 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.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.**  
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***K - Debt Service***

---

*These procedures are not applicable because the Foundation is a not-for-profit entity with no debt.*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each bond/note issued.
22. 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).

***L - Fraud Notice***

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23. 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.

*Management represented that there were no misappropriations of public funds or assets during the fiscal period.*

24. 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.

*Exception noted. The Foundation does not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its website.*

***M - Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
AUGUST 31, 2022**

SCHEDULE A

- c) 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.

*We performed the procedure and discussed the results with management.*

***N - Sexual Harassment***

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*These procedures are not applicable because the Foundation is a not-for-profit entity.*

- 26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe 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).
- 28. 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 it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.  
MANAGEMENT’S RESPONSE AND CORRECTIVE ACTION PLAN  
AUGUST 31, 2022**

SCHEDULE B

**Management’s Response and Corrective Action Plan**

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**A. Written Policies & Procedures: Exceptions 1a, b, c, d, e, f, g, h, & k**

The following action will be taken to address the exceptions noted above. Under the guidance of the Director of Finance & Human Resources, the department will prepare a written manual of accounting policies and procedures by the end of the fiscal year, August 31, 2023. This manual will contain all necessary policies and procedures that will address budgeting, contracts, payroll/personnel, purchasing, disbursements, collections/receipts, bank reconciliations, credit cards, travel & expense reimbursement, and information technology disaster recovery/business continuity. Revisions to the manual will be needed to ensure the manual is always current and Staff will be advised of all revisions.

**D. Collections: Exception 5a & 7d**

Management will review and update the procedures to include correcting situations where personnel share cash drawers/registers.

Staff makes every effort to count, reconcile, document & deposit funds daily and Management recognizes the importance of making deposits within one business day of receipt. We will continue our efforts to make deposits within one business day of receipt.

**E. Non-Payroll Disbursements (excluding credit card purchase/payments, travel reimbursements, and petty cash purchases: Exceptions 9c, 9d & 10b**

The organization operates with a small finance staff. While the same person mailing the payments may also responsible be processing payments and has the ability to edit vendor files, all checks processed are signed by two separate individuals. Those check signing individuals have all supporting documentation included when the check is presented. Although the individual processing the vendor payment, can edit vendor files, the Director of Finance does review check registers and actual checks for accuracy. The organization notes the current segregation of duties and management oversight in place minimizes the chances of fraud and/or error. Management will implement the policy for the periodic review of changes to Vendor files by the Director of Finance, to comply with the state-wide agreed upon procedures.

**F. Credit Cards/Debit Cards/Fuel Cards/P-Cards: Exception 12**

While staff and management do review and approve all credit card statements and payments, there is no written certification to that fact as required. In the future management will comply by written signature on all future credit card statements and/ or reconciliation reports.

**L. Fraud Notice: Exception 24**

Management concurs with the result of Fraud post not on website and has since posted.