

THE LOUISIANA PHILHARMONIC ORCHESTRA

OFFICIAL REPORT ON AUDITS OF FINANCIAL STATEMENTS

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OTHER INFORMATION

(PURSUANT TO LOUISIANA REVISED STATUTE 23:513)

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Members of
The Louisiana Philharmonic Orchestra:

In our opinion, the accompanying statements of financial position of The Louisiana Philharmonic Orchestra (the "Orchestra") as of June 30, 1999 and 1998 and the related statements of cash flows for the years then ended and the statement of activities for the year ended June 30, 1999 present fairly, in all material respects, the financial position of the Orchestra as of June 30, 1999 and 1998, and results of its operations for the year ended June 30, 1999, and its cash flows for the years ended June 30, 1999 and 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Orchestra's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 1, 1999

THE LOUISIANA PHILHARMONIC ORCHESTRA

STATEMENTS OF FINANCIAL POSITION

June 30, 1999 and 1998

ASSETS	1999	1998
Current assets:		
Cash and cash equivalents	\$ 267,176	\$ 404,315
Contributions receivable	238,552	195,785
Prepaid expenses	9,129	6,129
Deferred marketing costs	<u>38,628</u>	<u>33,366</u>
Total current assets	553,485	639,595
Property and equipment, net	<u>55,421</u>	<u>39,649</u>
Total assets	<u>\$ 608,906</u>	<u>\$ 679,244</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Trade accounts payable and accrued expenses	\$ 26,193	\$ 26,250
Deferred revenue - ticket sales	<u>475,519</u>	<u>317,854</u>
Total current liabilities	<u>501,712</u>	<u>344,104</u>
Commitments and contingencies		
Net assets:		
Unrestricted	35,894	25,037
Temporarily restricted	<u>71,300</u>	<u>310,103</u>
Total net assets	<u>107,194</u>	<u>335,140</u>
Total liabilities and net assets	<u>\$ 608,906</u>	<u>\$ 679,244</u>

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

THE LOUISIANA PHILHARMONIC ORCHESTRA

STATEMENT OF ACTIVITIES

for the year ended June 30, 1999 with summarized financial information for the year ended June 30, 1998

	1999		1998
	Unrestricted	Temporarily Restricted	
Revenues and other support:			
Earned revenue	\$ 1,349,843	\$ -	\$ 1,349,843
Contributions	1,886,898	66,300	1,953,198
Other income	95,172	-	95,172
Net assets released from restrictions -			
Satisfaction of purpose restrictions for Orchestra programs	305,103	(305,103)	-
Total revenues and other support	<u>3,637,016</u>	<u>(238,803)</u>	<u>3,398,213</u>
Expenses:			
Orchestra programs	2,680,137	-	2,680,137
Management and general	341,746	-	341,746
Marketing	496,685	-	496,685
Fundraising and development	107,591	-	107,591
Total expenses	<u>3,626,159</u>	<u>-</u>	<u>3,626,159</u>
Change in net assets	10,857	(238,803)	(227,946)
Net assets at beginning of year	25,037	310,103	335,140
Net assets at end of year	<u>\$ 35,894</u>	<u>\$ 71,300</u>	<u>\$ 107,194</u>
			<u>\$ 335,140</u>

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

THE LOUISIANA PHILHARMONIC ORCHESTRA

STATEMENTS OF CASH FLOWS

for the years ended June 30, 1999 and 1998

	1999	1998
Cash flow provided by (used in) operating activities:		
Change in net assets	\$ (227,946)	\$ 143,343
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	18,374	11,272
Changes in assets and liabilities:		
Contributions receivable	(42,767)	29,162
Prepaid expenses	(3,000)	10,655
Deferred marketing costs	(5,262)	(2,480)
Trade accounts payable and accrued expenses	(57)	(1,470)
Deferred revenue - ticket sales	157,665	(91,448)
Net cash provided by (used in) operating activities	<u>(102,993)</u>	<u>99,034</u>
Cash flow used in investing activities -		
Purchase of property and equipment	<u>(34,146)</u>	<u>(11,594)</u>
Net increase (decrease) in cash and cash equivalents	(137,139)	87,440
Cash and cash equivalents, beginning of year	<u>404,315</u>	<u>316,875</u>
Cash and cash equivalents, end of year	<u>\$ 267,176</u>	<u>\$ 404,315</u>

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

THE LOUISIANA PHILHARMONIC ORCHESTRA

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies:

Organization

The Louisiana Philharmonic Orchestra (the "Orchestra") is a nonprofit entity formed to establish a symphony to perform classical and other music, to present programs, and to undertake other activities to further the enjoyment of classical and other music by the public.

Basis of Accounting

The Orchestra's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given. The Louisiana Philharmonic Orchestra reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets unless that restriction expires in the fiscal year the gifts were received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

Temporarily Restricted Net Assets

Temporarily restricted net assets for June 30, 1999 and 1998 of \$71,300 and \$310,103, respectively, are available for the Orchestra program for future seasons.

Deferred Marketing Costs

Costs incurred for the production and distribution of the Orchestra's upcoming season brochure, including direct response pledge and purchase inserts, are capitalized and expensed in the following fiscal year.

THE LOUISIANA PHILHARMONIC ORCHESTRA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. Organization and Summary of Significant Accounting Policies, continued:

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, primarily 5 years.

Tax Status

The Orchestra is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Donated Services and Materials

Donated services and materials, if significant in amount, are recorded as contributions at their fair market value provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. During 1999 and 1998, the Orchestra has recorded revenues and expenses approximating \$145,000 and \$120,000, respectively, relating to donated services and materials.

Cash and Cash Equivalents

The Orchestra considers all money-market investment instruments and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for 1999 and 1998 include approximately \$205,000 and \$295,000, respectively, of money market funds.

The Orchestra has \$28,500 of restricted cash in its operating account. The \$28,500 consists of a \$25,000 donation from the Contemporary Arts Center - African Portraits and a \$3,500 donation from BankOne.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

THE LOUISIANA PHILHARMONIC ORCHESTRA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. Property and Equipment:

Property and equipment, net is summarized as follows for June 30, 1999 and 1998:

	1999	1998
Office furniture and equipment	\$ 80,969	\$ 54,432
Music library	24,499	16,890
	<u>105,468</u>	<u>71,322</u>
Less: Accumulated depreciation	<u>(50,047)</u>	<u>(31,673)</u>
	<u>\$ 55,421</u>	<u>\$ 39,649</u>

3. Operating Lease:

The Orchestra leases office space for which rent is being waived as a contribution to the Orchestra. Management estimates that the annual fair market value of this rental was approximately \$42,000.

4. Concentration of Financial Risk:

During the year ended June 30, 1999, the Orchestra maintained cash account balances greater than the amount insured by the Federal Deposit Insurance Corporation at a single financial institution.

5. Endowments:

Several endowments have been established at the Greater New Orleans Foundation ("GNOF") for the benefit of the Louisiana Philharmonic Orchestra. As of June 30, 1999 and 1998, these endowments were valued at approximately \$1,437,678 and \$1,413,371, respectively. Distributions from these endowments, which are at the discretion of the GNOF, were approximately \$67,000 and \$63,000 in 1999 and 1998, respectively.

THE LOUISIANA PHILHARMONIC ORCHESTRA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. Functional Expenses:

The Orchestra's expenses classified by functional category for the years ended June 30, 1999 and 1998 are as follows:

	1999					1998
	<u>Total</u>	<u>Orchestra Programs</u>	<u>Management & General</u>	<u>Marketing</u>	<u>Fund-raising & Development</u>	
Salaries and wages	\$ 2,400,197	\$ 2,061,985	\$ 148,327	\$ 122,981	\$ 66,904	\$ 2,025,416
Supplies and travel	126,720	97,625	22,056	4,010	3,029	76,614
Services and professional	656,982	249,628	114,471	272,323	20,560	290,695
Office and occupancy	423,886	270,899	38,518	97,371	17,098	601,277
Depreciation	18,374	-	18,374	-	-	11,482
	<u>\$ 3,626,159</u>	<u>\$ 2,680,137</u>	<u>\$ 341,746</u>	<u>\$ 496,685</u>	<u>\$ 107,591</u>	<u>\$ 3,005,484</u>

7. Commitments and Contingencies:

In June 1999, the Orchestra began a campaign to fund the cost of additional staff for the Orchestra to assist the Executive Director in the establishment of a major endowment campaign. For the year ending June 30, 2000, the Orchestra expects to receive a total of \$95,000 in funded pledges. Over the following two years, an additional \$125,000 is expected to be contributed to fund this initiative fully.

OTHER INFORMATION

**REPORT OF INDEPENDENT ACCOUNTANT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and Members of
The Louisiana Philharmonic Orchestra and
The Office of Legislative Auditor, State of Louisiana:

We have performed the procedures enumerated below, which were agreed to by The Louisiana Philharmonic Orchestra (the "Orchestra") and the Office of Legislative Auditor, State of Louisiana (the "Legislative Auditor") solely to assist you in complying with the reporting requirements of the Legislative Auditor in determining whether the Orchestra has complied with representations made by the Orchestra in the *Louisiana Attestation Questionnaire*, included as Appendix C, for the year ended June 30, 1999. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Orchestra and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and associated findings are as follows:

Federal, State and Local Awards

1. We obtained a list of federal, state and local award expenditures for the fiscal year, by grant and grant year, from the Orchestra as attached at Appendix A.
2. For each federal, state, and local award described in Appendix A, we:
 - Selected, by use of non-systematic sample selection criteria, up to 6 disbursements from each award administered during the period under examination, as described on Appendix B.
 - Compared the selected disbursements to supporting invoices or other documentation, noting agreement of disbursement amount and payee.

- Determined through inquiry of Orchestra personnel and inspection of the grant document that the selected disbursements were properly recorded in the correct fund and general ledger account without exception.
 - Obtained from the Orchestra a list of persons authorized to approve disbursements and determined that the selected disbursements were approved by an authorized person.
 - For disbursements charged to a federal award, determined that the disbursements complied with the applicable specific program requirements by comparing the description of the disbursement purpose contained on the disbursement's supporting documentation with the program specifics summarized in the Compliance Supplement or contained in the grant agreement, if the program is not included in the Compliance Supplement without exception.
 - For state and local awards, determined that the disbursements complied with the grant agreement by comparing the description of the disbursement purpose contained on the disbursement's supporting documentation with grant specifics as contained in the grant agreement without exception.
3. For programs selected for testing in item (2) that had been completed during the period under review, we compared the amount of disbursements per the close-out report, when required, with the Orchestra's general ledger and determined that the amounts were in agreement.

Meetings

4. We inquired of Orchestra management whether agendas for meetings recorded in the minute book were posted as open meetings as required by LSA-RS 42:1 through 42:12; and we were informed that no such meetings occurred in the year ended June 30, 1999.

Comprehensive Budget

5. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agencies was/were provided a comprehensive budget of those grants that included the purpose and duration, and for state grants, included specific goals and objectives and measures of performance based upon inspection of the aforementioned documents.

Prior Comments and Recommendations

6. No prior-year comments or recommendations were issued.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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This report is intended solely for the use of the Orchestra and the Legislative Auditor and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

PricewaterhouseCoopers LLP

September 1, 1999

Appendix A
Grant Listing for the year ended June 30, 1999

	Award Amount	Award Fiscal Year
Federal:		
National Endowment for the Arts	\$ 20,000	1998/1999
State:		
LA Division of the Arts Bach to School	\$ 8,000	1998/1999
LA Division of the Arts Project Assistance	\$ 13,000	1998/1999
LA Division of the Arts General Operating Support	\$ 70,000	1998/1999
Local:		
Wisner Foundation	\$ 15,000	1998/1999
Economic Development Fund ⁽¹⁾	\$ 23,000	1998/1999

⁽¹⁾ This grant was pledged during the year ended June 30, 1998 and received during the year ended June 30, 1999.

Appendix B Disbursement Selection

Check Number	Payee
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National Endowment for the Arts:

6750	John Mercer
6892	Richard Erb
6949	Patti Adams
7795	Kent Jensen
7931	Howard Pink
8071	Matthew J. Rhody

LA Division of the Arts Bach to School:

6861	Dave Carbonara
7932	John Reeks
7934	Laurel Sharp
7842	LA Institute for Education in Arts
8908	Jane Gabka
10572	Margaret Shields

LA Division of the Arts Project Assistance:

7763	Ken Kussmann
10113	Kaylor Management/Kay George Roberts
10111	First Orleans Music/Harrison, Jr.
10176	Orpheum Theatre
10233	New Orleans Tribune
10261	WYLD

LA Division of the Arts General Operating Support:

6729	Ann Cohen
6830	Mollie Pate
6968	John Gardner
7835	Sarah Yen
7853	Leland Beach
8055	Simon MacDonald

Wisner Foundation:

10296	A and D Maintenance
10311	B&J Productions
9891	MFW Security Co.
9844	WVUE-TV
7784	The Children's Group
10299	Delta Festival Ballet

Economic Development Fund:

9841	Tulane Hullabaloo
9846	Xavier Herald
9883	The Gambit
9938	The Times Picayune
10235	Offbeat, Inc.
10039	PR Graphics



LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
 September 1, 1999

PricewaterhouseCoopers LLP
 639 Loyola Avenue, Suite 1800
 New Orleans, Louisiana 70113

In connection with your compilation of our financial statements as of June 30, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 1, 1999 (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

YES [] NO []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

YES [] NO []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

YES [] NO []

We have complied with all applicable specific requirements of all federal, state and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

YES [] NO []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meeting law).

YES [] NO []

SHARON LITWIN
 EXECUTIVE DIRECTOR

504-523-6530
 FAX 504-595-8468

305 BARONNE STREET, SUITE 600
 NEW ORLEANS, LOUISIANA 70112

WEBSITE:
<http://www.gnotr.org/~lpo>



Budget

For each federal, state, and local grant we have filed, with the appropriate grantor agency a comprehensive budget for those grants that include the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

YES [] NO []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

YES [] NO []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Carolyn Anderson</u>	Secretary	<u>Sept. 9, 1999</u>	Date
<u>[Signature]</u>	Treasurer	<u>Sept 2, 1999</u>	Date
<u>[Signature]</u>	President	<u>SEPTEMBER 2, 1999</u>	Date