

FINANCIAL REPORT
NEW ORLEANS OPERA ASSOCIATION
JUNE 30, 2022 AND 2021

NEW ORLEANS OPERA ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

December 22, 2022

To the Board of Directors of the
New Orleans Opera Association
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Orleans Opera Association (Association) (a nonprofit organization), which comprises the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of New Orleans Opera Association as of June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Orleans Opera Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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 New Orleans Opera Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Orleans Opera Association'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 New Orleans Opera Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Ticket Sales and Cost of Operas and Schedule of Compensation, Benefits, and Other Payments to Agency Head are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Ticket Sales and Cost of Operas and Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate 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 Schedule of Ticket Sales and Cost of Operas and Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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 December 22, 2022, on our consideration of New Orleans Opera Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Orleans Opera Association'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 New Orleans Opera Association's internal control over financial reporting and compliance.


New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
 STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 784,778	\$ 897,765
Accounts receivable:		
Louisiana Economic Development	656,804	444,359
Other	419,172	41,446
Prepaid expenses	<u>57,419</u>	<u>30,321</u>
Total Current Assets	<u>1,918,173</u>	<u>1,413,891</u>
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation of \$1,978,233 and \$1,985,380	<u>351,037</u>	<u>353,940</u>
Net Property and Equipment	<u>351,037</u>	<u>353,940</u>
 TOTAL ASSETS	 <u>\$ 2,269,210</u>	 <u>\$ 1,767,831</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 61,539	\$ 36,111
Refundable advance	22,932	-
Deferred income	<u>223,790</u>	<u>161,922</u>
Total Current Liabilities	<u>308,261</u>	<u>198,033</u>
NET ASSETS:		
Without donor restrictions	1,791,128	1,206,173
With donor restrictions	<u>169,821</u>	<u>363,625</u>
Total Net Assets	<u>1,960,949</u>	<u>1,569,798</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,269,210</u>	 <u>\$ 1,767,831</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets Without <u>Donor Restrictions</u>	Net Assets With <u>Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Earned Revenues:			
Ticket sales	\$ 298,494	\$ -	\$ 298,494
Education	14,801	-	14,801
Scenery rental	232,158	-	232,158
Guild Home - rental and tours income	4,238	-	4,238
Insurance reimbursement	414,925	-	414,925
Other income	62,986	-	62,986
Total Earned Revenues	<u>1,027,602</u>	<u>-</u>	<u>1,027,602</u>
Support:			
Contributions	1,072,217	122,732	1,194,949
Grants	517,076	-	517,076
LED tax credits, net of related expenses	203,867	-	203,867
Special events fundraising	162,748	-	162,748
Net assets released from restrictions - satisfaction of purpose restrictions	316,536	(316,536)	-
Total Support	<u>2,272,444</u>	<u>(193,804)</u>	<u>2,078,640</u>
Total Earned Revenues and Support	<u>3,300,046</u>	<u>(193,804)</u>	<u>3,106,242</u>
Expenses:			
Program services:			
Productions	1,104,836	-	1,104,836
Education	85,013	-	85,013
Scenery rental and scenic studio	481,614	-	481,614
Guild Home	78,965	-	78,965
Marketing	258,441	-	258,441
Development	179,817	-	179,817
Supporting services:			
General and administrative	423,492	-	423,492
Fundraising	102,913	-	102,913
Total Expenses	<u>2,715,091</u>	<u>-</u>	<u>2,715,091</u>
Change in net assets	<u>584,955</u>	<u>(193,804)</u>	<u>391,151</u>
Net Assets at beginning of year	<u>1,206,173</u>	<u>363,625</u>	<u>1,569,798</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,791,128</u>	<u>\$ 169,821</u>	<u>\$ 1,960,949</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Net Assets Without <u>Donor Restrictions</u>	Net Assets With <u>Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Earned Revenues:			
Ticket sales	\$ 235,778	\$ -	\$ 235,778
Education	4,544	-	4,544
Scenery rental	32,459	-	32,459
Guild Home - rental and tours income	2,643	-	2,643
Other income	<u>50,477</u>	-	<u>50,477</u>
Total Earned Revenues	<u>325,901</u>	<u>-</u>	<u>325,901</u>
Support:			
Contributions	920,525	234,285	1,154,810
Grants	432,562	-	432,562
LED tax credits, net of related expenses	179,506	-	179,506
Special events fundraising	52,483	-	52,483
Net assets released from restrictions - satisfaction of purpose restrictions	<u>125,185</u>	<u>(125,185)</u>	<u>-</u>
Total Support	<u>1,710,261</u>	<u>109,100</u>	<u>1,819,361</u>
Total Earned Revenues and Support	<u>2,036,162</u>	<u>109,100</u>	<u>2,145,262</u>
Expenses:			
Program services:			
Productions	694,663	-	694,663
Education	114,880	-	114,880
Scenery rental and scenic studio	169,023	-	169,023
Guild Home	34,168	-	34,168
Marketing	163,721	-	163,721
Development	102,415	-	102,415
Supporting services:			
General and administrative	471,448	-	471,448
Fundraising	<u>21,559</u>	-	<u>21,559</u>
Total Expenses	<u>1,771,877</u>	<u>-</u>	<u>1,771,877</u>
Change in net assets	<u>264,285</u>	<u>109,100</u>	<u>373,385</u>
Net assets at beginning of year	<u>941,888</u>	<u>254,525</u>	<u>1,196,413</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,206,173</u>	<u>\$ 363,625</u>	<u>\$ 1,569,798</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES						SUPPORTING SERVICE		Total
	Productions	Education	Scenery Rental and Studio	Guild Home	Marketing	Development	General & Administrative	Fundraising	
Artists	\$ 109,091	\$ 2,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,291
Bank and credit card charges	-	-	-	1,695	-	-	6,955	-	8,650
Choreographer, chorus, conductor	79,708	-	-	-	-	-	-	-	79,708
Computer	-	-	-	-	-	-	18,556	-	18,556
Contract labor	-	-	1,330	294	-	-	-	-	1,624
Costumers	6,435	-	-	-	-	-	-	-	6,435
Costumes, wigs and makeup	54,464	-	-	-	-	-	-	-	54,464
Depreciation	-	-	12,629	15,813	-	-	-	-	28,442
Development	-	-	-	-	-	5,122	-	-	5,122
Director - housing and travel	17,200	-	-	-	-	-	-	-	17,200
Disaster cleanup	-	-	144,520	-	-	-	-	-	144,520
Drayage	6,761	-	-	-	-	-	-	-	6,761
Dues and subscriptions	-	-	-	-	-	-	413	-	413
Entertainment	-	-	-	-	-	-	9,543	-	9,543
Equipment	-	-	34,024	-	-	-	-	-	34,024
Insurance	33,036	4,781	23,155	-	19,904	17,084	132,506	-	230,466
Interest	-	-	-	-	-	-	3,925	-	3,925
Lighting and music	48,273	-	-	-	-	-	-	-	48,273
Marketing and advertising	-	1,568	-	-	76,701	-	17,582	-	95,851
Meetings	-	-	-	3,581	-	-	-	-	3,581
Miscellaneous	58,574	12,560	6,343	-	727	12,784	18,496	-	109,484
Office	-	-	2,187	-	-	-	28,091	-	30,278
Orchestra	148,111	-	-	-	-	-	-	-	148,111
Parking	-	-	-	-	-	-	21	-	21
Pension	5,992	724	1,313	-	2,761	1,950	2,688	-	15,428
Postage	-	-	-	-	-	29	6,359	-	6,388
Printing and stationery	-	-	-	153	7,779	4,464	2,594	-	14,990
Production costs	9,709	-	-	-	-	-	-	-	9,709
Professional fees	-	-	-	-	-	-	26,156	-	26,156
Propmaster and props	7,352	1,206	-	-	-	-	-	-	8,558
Rent and rehearsal space	69,642	-	6,236	-	-	-	-	-	75,878
Repairs and maintenance	-	-	7,671	55,325	-	-	-	-	62,996
Salaries	201,056	50,753	137,459	-	139,479	128,707	117,596	-	775,050
Scenic designer and scenery	51,330	-	48,880	-	-	-	-	-	100,210
Security	15,989	200	2,436	1,878	-	-	-	-	20,503
Special events	-	-	-	-	-	-	-	102,913	102,913
Stage directors, stagehands, supers	125,185	-	-	-	-	-	-	-	125,185
Supplies	-	-	-	226	-	-	-	-	226
Taxes – payroll	36,048	4,278	16,261	-	11,090	8,199	11,490	-	87,366
Telephone	-	-	1,145	-	-	-	7,426	-	8,571
Travel and transportation	-	-	-	-	-	1,478	13,095	-	14,573
Union benefits	20,880	208	18,150	-	-	-	-	-	39,238
Utilities	-	-	17,875	-	-	-	-	-	17,875
Vocal competition	-	6,535	-	-	-	-	-	-	6,535
	<u>\$ 1,104,836</u>	<u>\$ 85,013</u>	<u>\$ 481,614</u>	<u>\$ 78,965</u>	<u>\$ 258,441</u>	<u>\$ 179,817</u>	<u>\$ 423,492</u>	<u>\$ 102,913</u>	<u>\$ 2,715,091</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES						SUPPORTING SERVICES		Total
	Productions	Education	Scenery Rental and Scenic Studio	Guild Home	Marketing	Development	General & Administrative	Fundraising	
Artists	\$ 102,945	\$ 10,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,891
Bank and credit card charges	-	-	-	-	-	-	11,199	-	11,199
Choreographer, chorus, conductor	4,879	-	-	-	-	-	-	-	4,879
Computer	-	-	298	-	-	-	16,616	-	16,914
Contract labor	-	-	-	1,032	-	-	-	-	1,032
Costumers	6,000	-	-	-	-	-	-	-	6,000
Costumes, wigs and makeup	2,526	-	41	-	-	-	-	-	2,567
Depreciation	-	-	10,331	15,467	-	-	-	-	25,798
Development	5,875	-	-	-	-	3,739	10,222	-	19,836
Director - housing and travel	3,557	-	-	-	-	-	-	-	3,557
Drayage	1,406	-	-	-	-	-	-	-	1,406
Dues and subscriptions	-	-	-	-	-	-	1,951	-	1,951
Equipment	-	-	6,056	-	-	-	-	-	6,056
Insurance	5,410	8,423	2,590	-	19,904	12,139	126,474	-	174,940
Lighting and music	15,942	-	-	-	-	-	-	-	15,942
Marketing and advertising	11,448	2,047	-	390	17,332	-	8,787	-	40,004
Miscellaneous	10,378	12,846	8,333	84	-	1,171	18,131	-	50,943
Office	-	-	-	-	-	-	51,913	-	51,913
Orchestra	73,612	-	-	-	-	-	-	-	73,612
Parking	-	48	-	-	97	384	2,470	-	2,999
Pension	3,005	1,104	1,192	-	2,688	1,980	6,927	-	16,896
Postage	-	-	88	-	-	-	4,785	144	5,017
Printing and stationery	-	-	-	-	197	-	-	859	1,056
Production costs	7,322	1,299	-	-	-	-	-	-	8,621
Professional fees	-	-	-	-	-	-	25,611	-	25,611
Propmaster and props	2,043	-	-	-	-	-	-	-	2,043
Rent and rehearsal space	41,163	-	-	-	-	-	26,521	-	67,684
Repairs and maintenance	-	-	5,838	3,570	-	-	-	-	9,408
Salaries	298,189	50,187	66,362	-	114,718	76,800	119,567	-	725,823
Scenic designer and scenery	25,785	-	12,900	-	-	-	-	-	38,685
Security	3,746	704	2,621	2,240	-	-	-	-	9,311
Special events	-	-	-	-	-	-	-	20,556	20,556
Stage directors, stagehands, supers	47,773	10,177	-	-	-	-	-	-	57,950
Supplies	-	4,867	6,927	5,202	-	-	-	-	16,996
Taxes – payroll	11,201	5,709	12,357	-	8,785	6,202	21,723	-	65,977
Telephone	-	-	1,672	648	-	-	12,143	-	14,463
Travel and transportation	-	-	-	-	-	-	6,408	-	6,408
Union benefits	10,458	323	18,436	-	-	-	-	-	29,217
Utilities	-	-	12,981	5,535	-	-	-	-	18,516
Vocal competition	-	6,200	-	-	-	-	-	-	6,200
	<u>\$ 694,663</u>	<u>\$ 114,880</u>	<u>\$ 169,023</u>	<u>\$ 34,168</u>	<u>\$163,721</u>	<u>\$ 102,415</u>	<u>\$ 471,448</u>	<u>\$ 21,559</u>	<u>\$ 1,771,877</u>

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

NEW ORLEANS OPERA ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 391,151	\$ 373,385
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,441	25,798
Changes in operating assets and liabilities:		
Accounts receivable	(590,171)	201,277
Prepaid expenses	(27,098)	39,711
Accounts payables and accrued expenses	25,428	14,008
Deposits	-	(3,025)
Refundable advance	22,932	(140,022)
Deferred income	<u>61,868</u>	<u>(49,213)</u>
Net cash provided (used) by operating activities	<u>(87,449)</u>	<u>461,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(25,538)</u>	<u>(51,342)</u>
Net cash used by investing activities	<u>(25,538)</u>	<u>(51,342)</u>
Net (decrease) increase in cash and cash equivalents	(112,987)	410,577
Cash and cash equivalents, beginning of year	<u>897,765</u>	<u>487,188</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 784,778</u></u>	<u><u>\$ 897,765</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

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

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NATURE OF ACTIVITIES:

The mission of the New Orleans Opera Association (the Association) is to enrich the lives of all people by producing opera of the highest artistic quality and providing education opportunities through traditional and innovative approaches. The activities of the organization are to plan, produce, and present opera of the highest musical and artistic caliber; to educate the public on the value and joy of opera; to encourage and facilitate the participation in the art form by young people; to maintain the H. Lloyd Hawkins Scenic Studio as a resource for local, national, and international opera companies and performing arts groups; to maintain the Opera Guild Home to educate about the role opera played and continues to play in the community's cultural heritage; and to have a positive impact on civic life.

The Association presents fully staged opera performances in the Mahalia Jackson Theater for the Performing Arts throughout the year and presents smaller scale operas in alternative venues. The Association's performances are conceived and produced locally, with artists engaged individually by the General Director, production design executed by the Association's H. Lloyd Hawkins Scenic Studio, the chorus of local singers led by the Association's Chorus Director, and music provided by the Louisiana Philharmonic Orchestra.

As part of its mission to introduce opera to younger audiences, students throughout the metropolitan area are invited to dress rehearsal performances. The Association's education staff, along with board members and volunteers, visit schools and welcome students to introduce them to the opera through various educational offerings, such as small-scale performances and lectures. In 2015, the Association inaugurated the Donald Wood Youth Vocal Competition, an annual competition for trained high school singers providing the winners both performance opportunities and cash prizes.

Other educational and outreach activities are conducted throughout the year, including a lecture series, social events, and "Opera On Tap" performances – casual events in small scale venues generally aimed at non-traditional audiences. The Association continuously assesses how it can best engage the community and positively impact civic life through the art form of opera.

Support Committees:

In order to facilitate the Association's objectives, support committees were formed which operate under the Association's Charter to promote and provide additional resources for the Association. These committees are legally a part of the Association, operate under the Association's Charter, and are subject to control by the Association's management. Accordingly, the accompanying financial statements include the accounts of the Women's Guild and the Sylvain Society.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The Association prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation:

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) 958-205, Presentation of Financial Statements, as amended by Accounting Standards Update No. 2016-14. The Association is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Receivables:

Receivables are stated at unpaid balances. Receivables at June 30, 2022 and 2021 were considered collectible by management; accordingly, an allowance for doubtful accounts was not presented. Uncollectible receivables are charged off and recorded as administrative expense when the Association deems them uncollectible. There was no bad debt expense for the years ended June 30, 2022 and 2021, respectively. Bad debt expense includes non-allowable tax credits for LED allowable expenses.

Income Tax Status:

The Association is a non-profit Association organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

FASB Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Association has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Tax Status: (Continued)

The Association's tax return Form 990 for 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Revenues:

Revenues are reported as increases in net assets without donor restrictions, unless use of the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

Donated Services:

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amount of time to the Association's program and supporting services.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment:

Property and equipment are stated at cost, less accumulated depreciation. Donations of property and equipment are recorded at fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Association capitalizes property and equipment with a cost greater than \$1,000. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred.

Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 5 years
Furniture and fixtures	5 - 10 years
Studio and scenery	3 - 15 years
Buildings and improvements	7 - 39 years
Leasehold improvements	39 years

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Non-Depreciable Assets:

Donations of non-depreciable assets were recorded at their estimated fair value at the time of donation. The Women's Guild of the New Orleans Opera Association has received non-cash contributions in the forms of antique furniture, antique rugs, and other works of art. These items have been capitalized in accordance with FASB ASC 958-360-25-3. The fair value of the assets was determined by a certified antique appraiser. These items are reported as part of net assets without donor restrictions in the statements of financial position. These assets are not depreciated because economic benefits are used up so slowly, their estimated useful lives are extremely long.

Cash and Cash Equivalents:

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted of a money market account.

Advertising:

The Association charges the costs of advertising to expense as incurred. Advertising expense was \$95,851 and \$40,004 for the years ended June 30, 2022 and 2021, respectively.

Deferred Income:

Deferred income consists of the ticket sales for the upcoming opera season, prepaid rent for events occurring in the next fiscal year, as well as the portion of member dues received attributable to the next fiscal year. These items are recorded as deferred income and recognized as revenue when earned.

Refundable Advance:

The refundable advance consisted of grant proceeds not earned yet. The advance will be recognized as contribution revenue when earned.

Functional Allocation of Expenses:

The Association allocates the costs of providing the various programs and activities on a functional basis in the statement of activities. Salaries and related expenses have been allocated based on estimates of time devoted to program and supporting services. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of time spent and usage performing those functions.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. REVENUE RECOGNITION:

Ticket Sales, Rental and Tour Income:

The Association's exchange transactions include revenues from ticket sales and Guild home rental and tours income. Ticket sales are recorded as program revenues on a specific performance basis. Advance ticket sales, representing the receipt of ticket sale payments for future opera performances, and prepaid rent are initially deferred in the statements of financial position and are subsequently recognized as revenue when the related productions takes place or when revenue is earned.

Revenues from the ticket sales and rental and tours income are recorded as increases in net assets without donor restrictions. These revenues are recognized when the service is provided, or when the production or related event takes place. Ticket sales are recognized when the tickets are used, which is generally within a short time period as the tickets are normally sold on the day of attendance or in advance with a specific time and date of eligible use. Rental income is recognized when the event has taken place.

Revenue from ticket sales are recognized at a single point in time as the performance obligation of opera productions are satisfied as each production takes place and there are no other performance obligations, which exist and collectability is reasonably assured. Revenue from scenery rentals and Guild Home tours and rentals are also recognized at a point in time as all performance obligations are satisfied as each event occurs.

Contributions:

The Association receives contributions, grants, and member dues which management determined to be contributions. The Association recognizes contributions when cash, securities or other assets; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier or right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions, and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Dues:

Member dues are recognized systemically over a twelve-month period as revenue is earned.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. REVENUE RECOGNITION: (Continued)

LED Tax Credits:

The Association’s revenue that is derived from LED tax credits, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the Association has incurred expenditures in compliance with specific LED provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred income in the statements of financial position.

COVID 19 Impact:

In prior years the impact of COVID 19 resulted in a negative ticket sales. The Association expects ticket sales to continue to increase as the pandemic declines. In 2022, ticket sales increased from \$235,778 to \$302,733.

3. PROPERTY AND EQUIPMENT:

A summary of property and equipment at June 30, 2022 was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	64,525	-	64,525
Building and improvements	641,950	641,950	-
Furniture and fixtures	428,305	349,084	79,221
Scenery and studio equipment	963,286	944,341	18,945
Trucks	59,009	39,323	19,686
Leasehold improvements	5,505	3,535	1,970
Total	<u>\$ 2,329,270</u>	<u>\$ 1,978,233</u>	<u>\$ 351,037</u>

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. PROPERTY AND EQUIPMENT: (Continued)

A summary of property and equipment at June 30, 2021 was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 166,690	\$ -	\$ 166,690
Non-depreciable works of art	64,525	-	64,525
Building and improvements	641,950	641,950	-
Furniture and fixtures	438,355	368,860	69,495
Scenery and studio equipment	963,286	938,070	25,216
Trucks	59,009	33,106	25,903
Leasehold improvements	5,505	3,394	2,111
Total	<u>\$ 2,339,320</u>	<u>\$ 1,985,380</u>	<u>\$ 353,940</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$28,441 and \$25,798, respectively.

4. CASH AND CASH EQUIVALENTS:

At June 30, 2022 and 2021, the Association's cash and cash equivalents consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 671,878	\$ 784,876
Money market fund	112,900	112,889
Total cash and cash equivalents	<u>\$ 784,778</u>	<u>\$ 897,765</u>

5. OPERATING LEASE:

On June 1, 2016, the Association entered into a non-cancellable operating lease for office space at the building located at 935 Gravier Street effective from July 1, 2016 through December 31, 2018, with a monthly rent of \$4,583. The agreement was extended through December 31, 2020, with a monthly rent of \$4,166. On January 1, 2021, the Association relocated to the Women's Guild Home, which is owned by the Association. Rental expense is included in general and administrative expenses and amounted to \$-0- and \$26,521 for the years ended June 30, 2022 and 2021, respectively.

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. LOUISIANA ECONOMIC DEVELOPMENT TAX CREDITS (LED):

The Association receives precertification from the LED based on the budget for each production. Estimated refundable tax credits are calculated and accrued based on the criteria established by the LED in the precertification letter and applied to the actual costs for the productions. The credits are recorded net of the direct expenses incurred by the Association to obtain the final certification. Adjustments to the estimated credits will be made in the following year when the final certification is issued and recorded as an addition or deduction to the current year credits. LED credits applied to productions, net of expenses, were \$203,867 and \$179,506 for the years ended June 30, 2022 and 2021, respectively.

7. CONCENTRATIONS:

Cash Deposits:

The Association maintains its cash in secured deposit accounts at various banks located in New Orleans, Louisiana. The Federal Deposit Insurance insures up to \$250,000 for each account. There were \$366 and \$421,685 in uninsured cash balances at June 30, 2022 and 2021, respectively.

Louisiana Department of Economic Development Tax Credits:

Approximately 61% and 91% of the Association's accounts receivable at June 30, 2022 and 2021, respectively, are refundable tax credits due from the Louisiana Department of Revenue (LED).

Geographic Concentration of Customers:

The Association depends on the general public, businesses, and other public and private organizations principally within the New Orleans area to purchase tickets to the productions and for other contributions to enable the Association to continue its activities. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

8. LINE OF CREDIT:

The Association has a line of credit with a borrowing limit of \$500,000. For the years ended June 30, 2022 and 2021, the interest rate was 6.25% and 6.25%, respectively. The line of credit is collateralized by a security interest in all business assets of the Association. At June 30, 2022 and 2021, there was no outstanding balance.

9. PAYCHECK PROTECTION PROGRAM:

On April 22, 2020, the Association received a loan from Hancock Whitney Bank for \$235,500 under the Paycheck Protection Program ("PPP"). On March 23, 2021, the Association received a second PPP loan for \$150,000. The PPP, established as part of the Coronavirus Aid,

NEW ORLEANS OPERA ASSOCIATION
 NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. PAYCHECK PROTECTION PROGRAM: (Continued)

Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The proceeds were initially recorded as a refundable advance. Once the measurable performance barrier and right of return no longer existed, the loans were recognized as income. PPP grant revenue for the years ended June 30, 2022 and June 30, 2021 was \$-0- and \$290,022, respectively.

On November 23, 2020, the first loan of \$235,500 was forgiven, and on August 21, 2021, the second loan of \$150,000 was forgiven. Therefore, there are no outstanding PPP loans on the statements of net position as of June 30, 2022 and 2021, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Contributions with purpose restrictions	\$ 169,821	\$ 363,625

Net assets totaling \$316,536 were released from donor restrictions due to the satisfaction of purpose restrictions during the year ended June 30, 2022.

11. SIMPLE IRA PLAN:

The Association maintains a SIMPLE IRA Plan which covers all eligible employees. Participation in the plan is voluntary. Participants may contribute the maximum pre-tax amount allowed under federal tax law. The Association matches up to a maximum of 3% of the participating employee's contributions. Employer contributions to the plan were \$15,428 and \$16,896 for the years ended June 30, 2022 and 2021, respectively.

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Association manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Association’s financial assets as of June 30, 2022 and 2021, reduced by amounts not available for expenditures within one year of the statement of financial position date:

NEW ORLEANS OPERA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 784,778	\$ 897,765
Accounts receivable	<u>1,075,976</u>	<u>485,805</u>
Total financial assets	<u>1,860,754</u>	<u>1,383,570</u>
Less those unavailable for general expenditures within a year, due to:		
Restricted by donor with purpose restrictions	<u>169,821</u>	<u>363,625</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 1,690,933</u>	<u>\$ 1,019,945</u>

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 22, 2022, the date which the financial statements were available to be issued. There were damages sustained to the Women’s Guild Home and Scenic Studio as a result of Hurricane Ida, which occurred on August 29, 2021 in New Orleans. As of the date the financial statements were available to be issued, the total estimated damages has not been assessed. The Association has a lawsuit pending against the insurance company for additional damages as a result of the hurricane.

14. RECLASSIFICATIONS:

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Net assets remained unchanged.

SUPPLEMENTARY INFORMATION

NEW ORLEANS OPERA ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF TICKET SALES AND COST OF OPERAS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Total</u>	<u>Wagner</u>	<u>Josephine</u>	<u>Gala</u>	<u>Boheme</u>
TICKET SALES, SURCHARGES, AND SUBSCRIPTIONS:					
Season subscriptions	\$ 145,774	\$ 32,403	\$ 23,528	\$ 34,199	\$ 55,644
Box office sales	152,720	25,967	7,025	17,887	101,841
TOTAL	<u>298,494</u>	<u>58,370</u>	<u>30,553</u>	<u>52,086</u>	<u>157,485</u>
COST OF OPERAS:					
Artists	80,977	19,500	9,104	8,350	44,023
Artists' housing and travel	28,114	11,075	2,266	1,503	13,270
Choreographer	6,000	-	6,000	-	-
Chorus	53,807	-	41	28,690	25,076
Conductor	19,900	-	5,500	5,400	9,000
Conductor - housing and travel	7,558	-	5,630	-	1,928
Costumes	21,093	512	245	-	20,336
Costumer	6,435	-	1,500	-	4,935
Costumer - housing and travel	1,140	-	-	-	1,140
COVID officer	800	800	-	-	-
Director - housing and travel	7,654	3,649	-	-	4,005
Drayage	6,762	788	184	1,110	4,680
Insurance	33,036	11,499	3,884	6,070	11,583
Lighting - design and equipment	19,192	10,282	2,654	781	5,475
Lighting - designer	25,031	13,900	1,500	1,500	8,131
Miscellaneous expenses	51,374	8,927	8,756	8,496	25,195
Music	4,050	330	495	1,215	2,010
Orchestra	148,111	-	5,120	52,370	90,621
Payroll taxes	36,048	11,482	4,110	5,987	14,469
Pension	5,992	2,725	921	497	1,849
Production costs	2,309	33	46	-	2,230
Props	2,967	-	241	146	2,580
Propmaster	4,385	-	1,095	349	2,941
Rehearsal - accompanist	6,575	1,000	2,000	-	3,575
Rehearsal - housing and travel	3,689	1,658	331	-	1,700
Rent - theater	58,988	22,850	2,200	16,400	17,538
Rent - rehearsal space	390	390	-	-	-
Salaries	201,056	49,614	49,614	49,614	52,214
Scenery and scenery construction	51,329	8,640	3,255	211	39,223
Scenic design - housing and travel	848	-	-	-	848
Security	15,189	4,393	3,250	3,085	4,461
Staff package	14,600	-	-	7,200	7,400
Stage directors	19,000	4,000	5,000	-	10,000
Stage managers and assistants	27,333	2,560	4,114	1,900	18,759
Stagehands	74,579	17,625	5,800	9,670	41,484
Supers	175	-	50	-	125
Supertitle coordinator	3,250	700	1,100	700	750
Supertitles	848	750	-	81	17
Union benefits	20,880	4,717	1,493	2,290	12,380
Wardrobe	24,343	1,023	1,304	-	22,016
Wig and make up	9,029	562	1,159	-	7,308
COST OF OPERAS	<u>1,104,836</u>	<u>215,984</u>	<u>139,962</u>	<u>213,615</u>	<u>535,275</u>
COST OF OPERAS IN EXCESS OF TICKET SALES	(806,342)	(157,614)	(109,409)	(161,529)	(377,790)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>(423,492)</u>	<u>(105,873)</u>	<u>(105,873)</u>	<u>(105,873)</u>	<u>(105,873)</u>
COST OF OPERAS AND ADMINISTRATIVE IN EXCESS OF TICKET SALES	(1,229,834)	(263,487)	(215,282)	(267,402)	(483,663)
ESTIMATED LED TAX CREDITS	<u>203,867</u>	<u>37,787</u>	<u>43,945</u>	<u>38,761</u>	<u>83,374</u>
TOTAL COST OF OPERAS TO ASSOCIATION	<u>\$ (1,025,967)</u>	<u>\$ (225,700)</u>	<u>\$ (171,337)</u>	<u>\$ (228,641)</u>	<u>\$ (400,289)</u>

NEW ORLEANS OPERA ASSOCIATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022
 (UNAUDITED)

Agency Head Name: Clare Buvorac, General Director

Purpose	Amount *
Salary	
Benefits - insurance	
Benefits - retirement	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Special meals	

- No salaries or benefits were provided with public funds.

Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.



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

December 22, 2022

To the Board of Directors of the
New Orleans Opera Association
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 the New Orleans Opera Association (the "Association"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hopmann, Hogan & Rotter LLP

New Orleans, Louisiana

NEW ORLEANS OPERA ASSOCIATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. Financial statements

Type of auditor's report issued: unmodified

2. Internal control over financial reporting

Material weaknesses identified Yes None noted

Significant deficiencies identified that are not
considered to be material weaknesses Yes None noted

3. Noncompliance material to financial statements Yes None noted

B. SUMMARY OF PRIOR YEAR FINDINGS

None