

LE PETIT THEATRE DU VIEUX CARRE

FINANCIAL STATEMENTS

June 30, 2021 and 2020



LE PETIT THEATRE DU VIEUX CARRE
NEW ORLEANS, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Le Petit Theatre du Vieux Carre
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Le Petit Theatre du Vieux Carre (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 referred to above present fairly, in all material respects, the financial position of Le Petit Theatre du Vieux Carre as of June 30, 2021 and 2020, 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 the 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 Le Petit Theatre du Vieux Carre and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Le Petit Theatre du Vieux Carre's ability to continue as a going concern for one year after the date that the financial statements are issued or 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, including omissions, 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 Le Petit Theatre du Vieux Carre'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 Le Petit Theatre du Vieux Carre's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Heads is presented for purposes of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2022 on our consideration of Le Petit Theatre du Vieux Carre's, internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Le Petit Theatre du Vieux Carre's internal control over financial reporting and compliance.

Metairie, Louisiana
January 31, 2022

Wegmann Bazet, APC

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 206,242	\$ 231,284
Accounts receivable	23,388	56,992
Other receivable	75,719	160,301
Prepaid expenses	1,690	34,183
Total current assets	307,039	482,760
Beneficial interest in assets held by Greater New Orleans Foundation	335,199	277,343
Investments - board designated endowments	1,701,135	1,386,954
Property and equipment, at cost less accumulated depreciation	2,471,021	2,586,406
Deposits	4,994	4,994
Total assets	\$ 4,819,388	\$ 4,738,457
LIABILITIES		
Current liabilities		
Accounts payable	\$ 7,307	\$ 33,653
Accrued payroll and related liabilities	12,871	6,154
Accrued expenses	28,158	46,934
Contract liabilities	40,692	11,821
Total current liabilities	89,028	98,562
Paycheck Protection Program loan	-	9,721
Total liabilities	89,028	108,283
NET ASSETS		
Net assets		
Without donor restrictions		
Board designated	1,701,135	1,386,954
Undesignated	2,524,973	2,773,074
With donor restrictions		
Purpose restrictions	169,053	192,803
Restrictions perpetual in nature	335,199	277,343
Total net assets	4,730,360	4,630,174
Total liabilities and net assets	\$ 4,819,388	\$ 4,738,457

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Support and Gain			
Government grants	\$ 9,721	\$ -	\$ 9,721
Theatre revenue	66,359	-	66,359
Donations	446,672	29,562	476,234
Education	750	-	750
Investment income	380,198	71,544	451,742
Other revenue	5,732	-	5,732
Net assets released from restrictions	67,000	(67,000)	-
	<u>976,432</u>	<u>34,106</u>	<u>1,010,538</u>
Expenses			
Program services			
Productions	408,834	-	408,834
Education and outreach	43,450	-	43,450
Rental	4,640	-	4,640
Supporting services			
General and administrative	307,615	-	307,615
Fundraising	145,813	-	145,813
	<u>910,352</u>	<u>-</u>	<u>910,352</u>
Change in net assets	66,080	34,106	100,186
Net assets			
Beginning of year	<u>4,160,028</u>	<u>470,146</u>	<u>4,630,174</u>
End of year	<u>\$ 4,226,108</u>	<u>\$ 504,252</u>	<u>\$ 4,730,360</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restictions</u>	<u>Total</u>
Revenues, Support and Gain			
Government grants	\$ 91,633	\$ -	\$ 91,633
Theatre revenue	636,944	-	636,944
Donations	706,071	130,500	836,571
Education	5,850	-	5,850
Investment income	38,583	7,308	45,891
Other revenue	12,915	-	12,915
Net assets released from restrictions	36,074	(36,074)	-
	<u>1,528,070</u>	<u>101,734</u>	<u>1,629,804</u>
Expenses			
Program services			
Productions	1,050,658	-	1,050,658
Education and outreach	51,461	-	51,461
Rental	18,680	-	18,680
Supporting services			
General and administrative	372,884	-	372,884
Fundraising	181,368	-	181,368
	<u>1,675,051</u>	<u>-</u>	<u>1,675,051</u>
Change in net assets	(146,981)	101,734	(45,247)
Net assets			
Beginning of year	<u>4,307,009</u>	<u>368,412</u>	<u>4,675,421</u>
End of year	<u>\$ 4,160,028</u>	<u>\$ 470,146</u>	<u>\$ 4,630,174</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Programming Services			Supporting Services		Total Expenses
	Productions	Education and Outreach	Rental	Fundraising	General and Administrative	
Bank, credit card, and ticket sales fees	\$ -	\$ -	\$ -	\$ -	\$ 17,178	\$ 17,178
Building maintenance	6,787	-	-	-	-	6,787
Development	-	-	-	7,692	-	7,692
Depreciation	7,953	-	-	-	113,143	121,096
Dues and subscriptions	-	-	-	-	3,419	3,419
Employee benefits	5,968	1,024	-	2,935	2,147	12,074
Equipment repair	-	-	-	-	181	181
Events expense	-	-	-	6,502	-	6,502
Housing and travel	2,751	-	-	-	-	2,751
Insurance	20,941	-	-	-	6,981	27,922
In-kind expense	-	-	-	47,295	-	47,295
Marketing	4,550	-	-	2,563	-	7,113
Payroll taxes and employee benefits	10,207	1,752	-	5,019	14,654	31,632
Postage and delivery	-	-	-	-	1,531	1,531
Production	299,286	-	-	-	-	299,286
Professional development	-	17,250	-	-	-	17,250
Professional services	-	-	-	-	62,966	62,966
Rent expense	1,645	-	-	-	23,404	25,049
Rental fee	-	-	4,640	-	-	4,640
Salary and wages	24,528	23,424	-	67,107	56,559	171,618
Supplies	-	-	-	6,700	3,224	9,924
Travel	-	-	-	-	2,228	2,228
Utilities	24,218	-	-	-	-	24,218
Total expenses	\$ 408,834	\$ 43,450	\$ 4,640	\$ 145,813	\$ 307,615	\$ 910,352

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Programming Services			Supporting Services		Total Expenses
	Productions	Education and Outreach	Rental	Fundraising	General and Administrative	
Bank, credit card, and ticket sales fees	\$ -	\$ -	\$ -	\$ -	\$ 41,444	\$ 41,444
Building maintenance	17,877	-	-	-	-	17,877
Development	-	-	-	6,525	-	6,525
Depreciation	47,474	-	-	-	74,003	121,477
Dues and subscriptions	-	-	-	-	3,214	3,214
Employee benefits	7,698	1,219	-	4,067	4,378	17,362
Equipment repair	-	-	-	-	267	267
Events expense	-	-	-	21,941	-	21,941
Housing and travel	56,707	-	-	-	-	56,707
Insurance	32,321	-	-	-	10,774	43,095
In-kind expense	-	-	-	41,281	-	41,281
Marketing	72,425	-	-	2,000	-	74,425
Meals and entertainment	-	-	-	-	84	84
Meeting	-	-	-	-	895	895
Payroll taxes and employee benefits	17,106	2,708	-	9,039	23,048	51,901
Postage and delivery	-	-	-	-	2,288	2,288
Production	694,932	-	-	-	-	694,932
Professional development	-	20,350	-	-	-	20,350
Professional services	-	-	-	-	67,611	67,611
Rent expense	11,822	-	-	-	18,429	30,251
Rental fee	-	-	18,680	-	-	18,680
Salary and wages	58,772	27,064	-	90,336	104,215	280,387
Storage	3,817	-	-	-	-	3,817
Supplies	5,170	120	-	6,179	6,485	17,954
Travel	-	-	-	-	15,382	15,382
Utilities	24,537	-	-	-	367	24,904
Total expenses	\$ 1,050,658	\$ 51,461	\$ 18,680	\$ 181,368	\$ 372,884	\$ 1,675,051

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 100,186	\$ (45,247)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	121,096	121,477
Realized and unrealized (gain) loss	(424,246)	1,514
Interest and dividend income	(27,496)	(44,377)
(Increase) decrease in operating assets:		
Accounts receivable	33,604	(25,000)
Other receivable	84,582	-
Prepaid expenses	32,493	51,500
Deposits	-	(4,139)
Increase (decrease) in operating liabilities:		
Accounts payable	(26,346)	(9,051)
Accrued payroll and related liabilities	6,717	(2,538)
Accrued expenses	(18,776)	20,750
Contract liabilities	28,871	(139,737)
Net cash used by operating activities	<u>(89,315)</u>	<u>(74,848)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(5,711)	(14,521)
Sales and maturities of investments	185,032	132,245
Purchases of investments	(115,048)	(49,766)
Net cash provided by investing activities	<u>64,273</u>	<u>67,958</u>
Cash flows from financing activities:		
Paycheck Protection Program loan	-	9,721
Net cash provided by financing activities	<u>-</u>	<u>9,721</u>
Net (decrease) increase in cash	(25,042)	2,831
Cash and cash equivalents at beginning of year	<u>231,284</u>	<u>228,453</u>
Cash and cash equivalents at end of year	<u>\$ 206,242</u>	<u>\$ 231,284</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

1) Nature of activities

Le Petit Theatre du Vieux Carre (the “Theatre”) is a non-profit organization established in 1916 to present theatrical performances for the community. The mission of the Theatre is to provide a wide range of quality theatrical productions and programming to entertain, enrich and educate the diverse population of the region, and enhance the economic vitality of the Greater New Orleans community.

2) Summary of significant accounting policies

The significant accounting policies followed by the Theatre are summarized as follows:

a) Financial statement presentation

The Financial Accounting Standards Board (“FASB”) promulgates accounting principles generally accepted in the United States of America and reporting standards for Not-for-Profit entities. The accompanying financial statements have been prepared in accordance with such principles.

b) Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

d) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of the original invoice. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

e) Property and equipment

Depreciation of the buildings and improvements, equipment, and furniture and fixtures is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 5 to 39 years.

Property and equipment are stated at cost. Additions, renewals, and betterments that add materially to the productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the statements of activities. The Theatre’s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

f) Fundraising

All expenses associated with fundraising events are expensed as incurred.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

g) Taxes

The Theatre is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Theatre has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Theatre files Form 990 tax returns in the U.S. federal jurisdiction and in Louisiana.

The Theatre adopted the provisions of Accounting Standards Codification (“ASC”) 740, *Accounting for Uncertainty in Income Taxes*. Management of the Theatre believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits. With few exceptions, the Theatre is no longer subject to U.S. federal, state and local, or income tax examinations by tax authorities beyond three years from the filing of those returns.

h) Use of estimates

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

i) Geographic concentration

The Theatre’s operations are concentrated in the Greater New Orleans Region. Accordingly, economic and environmental phenomena will very likely have an impact on the Theatre’s operating results.

j) Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises are recorded when all conditions have been met. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

k) Donated goods and services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Theatre. Donated goods are recognized as contributions at their fair value.

The Theatre received donated services to assist with production and event expenses, these services are considered non-specialized and did not create nor enhanced nonfinancial assets. The estimated value of the these services for the years ended June 30, 2021 and 2020 was \$1,015 and \$6,090, respectively. The Theatre received donated goods for the years ended June 30, 2021 and 2020 in the amount of \$47,295 and \$41,281, respectively.

l) Contract liability

Contract liability represents revenues collected but not earned as of June 30, 2021 and 2020. This is composed of revenue for theatre productions, theatre rental, and subscriptions, that will take place the following fiscal year.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

m) Donated property and equipment

Noncash donations are recorded as contributions at their fair values at the date of donations. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. There were no noncash donations in 2021 and 2020.

n) Investments

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value. Fair value is determined using quoted market prices (where available), or if not available, estimated fair values based on quoted market prices of financial instruments with similar characteristics. All other investments are carried at the lower of costs or net realizable value. Recognized gains and losses on investments are reflected in the statements of activities. Dividends and interest income are recorded during the period earned.

Investments are exposed to various risks such as significant world events, interest rates, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

o) Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Theatre.

Program, education, rental, and fundraising expenses, when specifically identifiable, are classified to the function which incurred the expense. Expenses allocated using management's estimate of usage include, payroll and employee benefits.

p) Endowment funds

The Not-for-Profit Entities Topic of the ASC provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This Topic requires additional disclosures about an organization's endowment funds (both donor-restricted and board designated endowment funds), which are disclosed in Notes 12 and 13.

q) Financial instruments and credit risk

Financial instruments that potentially subject the Theatre to concentrations of credit risk consist principally of cash deposits. Accounts at each institution is insured by the Federal Deposit Insurance Corporation up to certain limits. The Theatre has not experienced any losses in such accounts. The Theatre has no policy requiring collateral or other security to support its deposits.

The Theatre at times extends credit to their investors. The Theatre performs ongoing credit evaluations of its investors but generally does not require collateral to support accounts receivable.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

r) New accounting pronouncements

The Theatre adopted ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The Theatre adopted this update in 2020 under the modified retrospective method. Analysis of various provisions of this standard resulted in no significant changes in the way the Theatre recognizes revenue, and therefore did not result in a prior period adjustment.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

s) Revenue and cost recognition

The Theatre recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Investor contributions and sponsorships can be comprised of an exchange element based on the value provided, and a contribution element for the difference between the total amount paid and the exchange element. The exchange portions of investor contributions and sponsorships are recognized when the related performance obligations are met, and the contribution portion is recognized immediately.

The Theatre generates revenue through the sale of tickets to its customers. Revenue from the sale of tickets is recognized over time, as the performances are held. The Theatre generates revenue through the rental of the Theatre to customers. Revenue from the rental of the Theatre is recognized over time, as the performance obligations are met.

A portion of the Theatre's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Theatre has incurred expenditures in compliance with specific contract or grant provisions.

t) Advance ticket sales obligations

The Theatre sold tickets for the 2021-2022 season before June 30, 2021. As each production is presented, the portion of the advance sales collections that pertains to that production will be recognized as revenue. In the event any of the scheduled productions for the 2021-2022 season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

u) Description of net assets classification

The FASB Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions based on the existence or absence of donor imposed restrictions.

The Theatre reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

3) Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Total net assets are unchanged due to these reclassifications.

4) Property and equipment

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Building & improvements	\$ 3,491,720	\$3,491,720
Land	7,600	7,600
Equipment	357,602	351,891
Furniture and fixtures	101,947	101,947
Total costs	<u>3,958,869</u>	<u>3,953,158</u>
Less: accumulated depreciation	<u>(1,487,848)</u>	<u>(1,366,752)</u>
Property and equipment	<u>\$ 2,471,021</u>	<u>\$2,586,406</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$121,096 and \$121,477, respectively.

5) Operating lease

The Theatre entered into a lease agreement effective February 1, 2021 for office space. The lease expires on June 30, 2024, unless terminated early in accordance with the lease agreement. Future minimum rental payments under the current lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 26,000
2023	26,000
2024	26,520

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

6) Other receivable

The state of Louisiana offers a unique tax incentive for musical and theatrical productions called, the Live Performance Production Program, statutorily known as the Musical and Theatrical Production Income Tax Credit. The Theatre qualified for this credit for year end 2019 and recorded a receivable in the amount of \$160,301 and is shown as other receivable on the statements of financial position. As of June 30, 2021, the balance of this receivable is \$75,719.

7) Net assets with purpose restrictions

Net assets with purpose restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Strategic plan	\$ 12,145	\$ 12,145
Capital improvements	64,367	64,367
Education programing	92,541	107,291
Executive salaries	-	9,000
Total purpose restrictions net assets	<u>\$ 169,053</u>	<u>\$ 192,803</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2021</u>	<u>2020</u>
Education programing	\$ 17,250	\$ 20,470
Production costs	27,062	1,500
Executive salaries	9,000	1,000
Total	<u>\$ 53,312</u>	<u>\$ 22,970</u>

8) Net assets with restrictions perpetual in nature

Net assets with restrictions perpetual in nature consist of endowment funds. The Le Petit Theatre Fund and The Harold Newman Fund are administered by the Greater New Orleans Foundation (the "Foundation"). As of June 30, 2021 and 2020, these net assets were as follows:

	<u>2021</u>	<u>2020</u>
Harold Newman Endowment Fund	\$ 274,569	\$ 227,156
Le Petit Theatre Endowment Fund	60,630	50,187
Total net assets with restrictions perpetual in nature	<u>\$ 335,199</u>	<u>\$ 277,343</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2021</u>	<u>2020</u>
Investment income withdrawal	<u>\$ 13,688</u>	<u>\$ 13,104</u>

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For the Years Ended June 30, 2021 and 2020

9) Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Financial assets:	
Cash and cash equivalents	\$ 206,242
Accounts receivable	23,388
Other receivable	<u>75,719</u>
Financial assets, at year end	305,349
Less those unavailable for general expenditure within one year, due to	
Restriction by donor for specified purpose	<u>(169,053)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 136,296</u></u>

The Theatre receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Theatre manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

As disclosed in note 12, the Theater is permitted to use the income from the endowment fund. Income from the endowment fund in 2021 and 2020 was \$58,179, and \$174,103, respectively.

10) Fair value measurement

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Theatre has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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10) Fair value measurement (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2021 and 2020.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Equities and certain Fixed Income Funds: Valued at the closing price reported on the active market on which the individual securities are traded. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Corporate Bonds, Fixed Income Bond Funds, and Mortgage backed Securities: Valued at the present value of the expected future cash flows utilizing the minimum risk free rate of return. The valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Other Investments: Included in other investments are Private Equity Funds, Limited Liability Entities, Hedge Funds, and Pooled Investment Funds. These investments are valued based upon the units held at year-end multiplied by the respective unit value. The unit value is based upon significant observable inputs, although it is not based upon quoted market prices in an active market. The underlying investments consist primarily of equity securities, debt obligations, short-term investments and other marketable securities. In accordance with ASC 820-10, these investments are not classified in the fair value hierarchy.

Furthermore, while the Theatre believes its valuation methods are 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.

The following tables sets forth by level, within the fair value hierarchy, the Theatre's assets at fair value as of June 30, 2021 and 2020.

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 1,132,953	\$ -	\$ -	\$ 1,132,953
Corporate Bonds	-	541,190	-	541,190
Fixed Income Funds	13,154	89,080	-	102,234
Money Market Funds	32,452	-	-	32,452
Mortgage Backed Securities	-	1,439	-	1,439
Total assets at fair value	\$ 1,178,559	\$ 631,709	\$ -	\$ 1,810,268
Investments recorded at NAV as practical expedient				226,066
				\$ 2,036,334

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10) Fair value measurement (continued)

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 938,388	\$ -	\$ -	\$ 938,388
Corporate Bonds	-	405,690	-	405,690
Fixed Income Funds	7,994	81,846	-	89,840
Money Market Funds	51,644	-	-	51,644
Mortgage Backed Securities	-	1,788	-	1,788
Total assets at fair value	\$ 998,026	\$ 489,324	\$ -	\$ 1,487,350
Investments recorded at NAV as practical expedient				176,947
				\$ 1,664,297

In accordance with ASC 820-10, other investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the statements of financial position.

11) Investments

The Theatre maintains endowments that are included on its statements of financial position. The Le Petit Theatre Fund and The Harold Newman Fund are administered by the Foundation. The board designated endowment is administered by the Jewish Endowment Foundation of Louisiana.

The investments as of June 30, 2021 and 2020 are summarized as follows:

	Costs	2021 Fair Value	2020 Fair Value
Endowment Fund Investments	\$ 234,008	\$ 335,199	\$ 277,343
Board Designated Endowment	\$ 1,377,565	\$ 1,701,135	\$ 1,386,954

Investment return, which is included in investment income on the statements of activities, for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Endowment Fund Investments		
Interest and dividends	\$ 3,581	\$ 2,937
Realized / unrealized gain	67,964	2,231
Board Designated Endowments		
Interest and dividends	23,915	41,440
Realized / unrealized gain (loss)	356,282	(717)

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

12) Board designated endowments

As of June 30, 2021 and 2020, the Board of Le Petit Theatre du Vieux Carre had designated \$1,701,135 and \$1,386,954, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Theatre. The Theatre has granted the Jewish Endowment Foundation of Louisiana, the authority to administer and manage the endowment funds in accordance with the Jewish Endowment Foundation of Louisiana’s investment policy and guidelines. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Investment Policy. The investment policy adopted by the Jewish Endowment Foundation of Louisiana shall combine both the preservation of principal and moderate risk-taking. While high levels of risk are to be avoided, the assumption of moderate level of risk is warranted and encouraged in order to achieve satisfactory results consistent with the objectives and fiduciary character of the Jewish Endowment Foundation of Louisiana over a full market cycle.

Spending Policy. The Theatre has a spending policy which will allow for distributions upon their request as an annual distribution of up to five percent (5%) of the principal in the fund as of December 31 of the previous year.

The composition of the board designated endowment at June 30, 2021 and 2020 was:

	Board Designated Endowment 2021 Without Donor Restrictions	Board Designated Endowment 2020 Without Donor Restrictions
Endowment net assets, beginning of year	\$ 1,386,954	\$ 1,527,404
Investment income	23,915	41,440
Realized / unrealized gain (loss)	356,282	(717)
Subtotal	1,767,151	1,568,127
Amounts appropriated for expenditure	58,179	174,103
Administrative expenses	7,837	7,070
Endowment net assets, end of year	\$ 1,701,135	\$ 1,386,954

13) Endowment

The Theatre’s endowment consists of two (2) donor restricted funds, the Le Petit Theatre Endowment Fund and the Harold W. Newman Endowment Fund. The Theatre has granted the Foundation the authority to administer and manage the endowment funds in accordance with the Foundation’s investment policy and guidelines as noted below. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Theatre classifies as net assets with restrictions perpetual in nature: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

13) Endowment (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by the Theatre in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Theatre considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Theatre, and (7) the Theatre's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, fixed income securities and alternative investments that is intended to meet this objective. The Foundation has established a 5% real rate of return objective for the Foundation's portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Spending Policy. The Foundation follows a Total Return Spending Policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2021 and 2020 distributions were 4%. This percentage is evaluated each year and adjusted as necessary.

The composition of endowments by net asset class at June 30, 2021 and 2020 was:

	Net Assets with Restrictions Perpetual in Nature 2021	Net Assets with Restrictions Perpetual in Nature 2020
Endowment net assets, beginning of year	\$ 277,343	\$ 283,139
Investment income	3,581	2,937
Realized / unrealized gain	67,964	2,231
Contributions	-	2,140
Subtotal	348,888	290,447
Grants	11,278	11,036
Administrative expenses	2,411	2,068
Endowment net assets, end of year	\$ 335,199	\$ 277,343

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

14) Paycheck Protection Program

In April 2020, the Theatre entered into an unsecured loan agreement for \$101,354 with a bank pursuant to the Paycheck Protection Program (“PPP”). The PPP loan is guaranteed by the Small Business Administration and is part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The loan matures in two years and bears interest at a fixed rate of 1.0% per year. Principal and interest payments are deferred for six months from the date of issuance and will commence monthly thereafter. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the program. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll, mortgage interest, rent or utility costs and the maintenance of employee staffing and compensation levels. During 2020, the Theatre utilized \$91,633 of the PPP funds received on qualifying expenses and the remaining portion of \$9,721 is listed as long-term debt on the statement of financial position. The Theatre anticipated utilizing the remaining portion on qualifying expenses and expected the loan to be fully forgiven. During 2021, the \$9,721 was forgiven and included in government grants.

The Theatre applied ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* and recognized PPP funds expected to be forgiven as a conditional contribution. Accordingly, the Theatre recognized income as it incurred qualifying PPP expenses and determined that the conditions of forgiveness were substantially met. The related income is included in government grants on the statement of activities.

15) Contract liabilities

The Theatre sold tickets for the 2021-2022 season before June 30, 2021. As each production is presented, the portion of the advance sales collections that pertains to that production will be recognized as revenue. In the event any of the scheduled productions for the 2021-2022 season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders. The following table depicts activities from contract receivables and contract liabilities related to ticket sales.

	<u>2021</u>	<u>2020</u>
Contract receivables	\$ 49,018	\$ -
Contract liabilities	<u>(89,710)</u>	<u>(11,821)</u>
Net contract liabilities	<u>\$ (40,692)</u>	<u>\$ (11,821)</u>

16) Coronavirus (COVID-19)

The COVID-19 pandemic has impacted and could further impact the Theatre’s operations and the operations of the Theatre’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Theatre’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Theatre’s customers, suppliers, and vendors, the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume.

Even after the COVID-19 pandemic has subsided, the Theatre may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Theatre cannot reasonably estimate the impact at this time.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

17) Subsequent events

On July 12, 2021 and on November 4, 2021, the Theatre was awarded the Shuttered Venue Operators Grants in the amounts of \$383,488 and \$191,744, respectively, from the U.S. Small Business Administration. The Theatre will have to use these funds for three seasons to cover the decline in the state's Live Performance Tax Credits in the next two seasons due to reduction in show expenditures.

Management evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. Other than the events noted above, there were no other material subsequent events that required recognition or additional disclosure 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

Board of Directors
Le Petit Theatre du Vieux Carre
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 Le Petit Theatre du Vieux Carre, which comprise the statement of financial position as of June 30, 2021, 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 January 31, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Le Petit Theatre du Vieux Carre'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
January 31, 2022

Wegmann Bazet, APC

LE PETIT THEATRE DU VIEUX CARRE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended June 30, 2021

SUMMARY OF COMPENSATION

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