

LE PETIT THEATRE DU VIEUX CARRE

FINANCIAL STATEMENTS

June 30, 2020 and 2019



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 Financial Statements

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, 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.

Other Matters

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 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 December 31, 2020 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 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.

December 31, 2020

Wegmann Bazet

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 282,927	\$ 228,453
Accounts receivable	217,293	192,293
Prepaid expenses	34,183	85,683
Total current assets	534,403	506,429
Beneficial interest in assets held by Greater New Orleans Foundation	260,643	272,807
Investments - board designated endowments	1,352,011	1,431,106
Property and equipment, at cost less accumulated depreciation	2,586,406	2,693,360
Deposits	4,994	855
Total assets	\$ 4,738,457	\$ 4,904,557
LIABILITIES		
Current liabilities		
Accounts payable	\$ 33,653	\$ 42,704
Accrued payroll and related liabilities	6,154	8,692
Accrued expenses	46,934	26,182
Deferred revenue	11,821	151,558
Total current liabilities	98,562	229,136
Long-term debt	9,721	-
Total liabilities	108,283	229,136
NET ASSETS		
Net assets		
Without donor restrictions		
Board designated	1,352,011	1,431,106
Undesignated	2,808,017	2,875,903
With donor restrictions		
Purpose restrictions	192,803	85,273
Restrictions perpetual in nature	277,343	283,139
Total net assets	4,630,174	4,675,421
Total liabilities and net assets	\$ 4,738,457	\$ 4,904,557

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 Restrictions</u>	<u>Total</u>
Revenues			
Government grants	\$ 91,633	\$ -	\$ 91,633
Theatre revenue	636,944	-	636,944
Donations	706,071	130,500	836,571
Education	5,850	-	5,850
Other revenue	51,498	7,308	58,806
Net assets released from restrictions	34,006	(34,006)	-
	<u>1,526,002</u>	<u>103,802</u>	<u>1,629,804</u>
Total revenues			
Expenses			
Program services			
Productions	991,362	-	991,362
Education and outreach	51,461	-	51,461
Rental	18,680	-	18,680
Fundraising	181,368	-	181,368
Supporting services			
General and administrative	430,112	2,068	432,180
	<u>1,672,983</u>	<u>2,068</u>	<u>1,675,051</u>
Total expenses			
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 ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Theatre revenue	\$ 753,900	\$ -	\$ 753,900
Donations	638,947	70,000	708,947
Education	14,200	7,500	21,700
Other revenue	103,209	11,516	114,725
Net assets released from restrictions	147,228	(147,228)	-
	1,657,484	(58,212)	1,599,272
Expenses			
Program services			
Productions	972,348	-	972,348
Education and outreach	34,572	-	34,572
Rental	27,344	-	27,344
Fundraising	164,712	-	164,712
Supporting services			
General and administrative	454,428	-	454,428
	1,653,404	-	1,653,404
Change in net assets	4,080	(58,212)	(54,132)
Net assets			
Beginning of year	4,302,929	426,624	4,729,553
End of year	\$ 4,307,009	\$ 368,412	\$ 4,675,421

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				General and Administrative	Total Expenses
	Productions	Education and Outreach	Rental	Fundraising		
Bank and credit card fees	\$ -	\$ -	\$ -	\$ -	\$ 39,376	\$ 39,376
Building maintenance	17,877	-	-	-	-	17,877
Development	-	-	-	6,525	-	6,525
Depreciation	-	-	-	-	121,477	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	-	-	-	-	30,251	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	\$ 991,362	\$ 51,461	\$ 18,680	\$ 181,368	\$ 430,112	\$ 1,672,983

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Programming Services				General and Administrative	Total Expenses
	Productions	Education and Outreach	Rental	Fundraising		
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ 1,335	\$ 1,335
Bank and credit card fees	-	-	-	-	50,222	50,222
Building maintenance	21,923	-	-	-	-	21,923
Development	-	-	-	12,775	2,299	15,074
Depreciation	-	-	-	-	120,563	120,563
Dues and subscriptions	-	-	-	-	2,363	2,363
Employee benefits	8,270	-	-	4,272	5,681	18,223
Equipment repair	-	-	-	-	164	164
Events expense	-	-	-	29,088	-	29,088
Housing and travel	32,721	-	-	-	-	32,721
Insurance	30,459	-	-	-	10,153	40,612
In-kind expense	-	-	-	23,545	-	23,545
Marketing	110,184	-	-	1,110	180	111,474
Meals and entertainment	-	-	-	-	593	593
Meeting	-	-	-	-	2,573	2,573
Payroll taxes and employee benefits	14,737	2,374	-	7,613	14,924	39,648
Postage and delivery	-	-	-	-	2,078	2,078
Production	677,077	600	-	-	-	677,677
Professional development	-	5,741	-	-	-	5,741
Professional services	-	-	-	-	61,054	61,054
Rent expense	-	-	-	-	36,918	36,918
Rental fee	-	-	27,344	-	-	27,344
Salary and wages	42,922	24,446	-	78,403	113,937	259,708
Storage	5,623	-	-	-	-	5,623
Supplies	1,612	1,411	-	7,906	7,631	18,560
Travel	-	-	-	-	21,283	21,283
Utilities	26,820	-	-	-	477	27,297
Total expenses	\$ 972,348	\$ 34,572	\$ 27,344	\$ 164,712	\$ 454,428	\$ 1,653,404

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (45,247)	\$ (54,132)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	121,477	120,563
Unrealized loss	10,536	-
(Increase) decrease in operating assets:		
Accounts receivable	(25,000)	(25,594)
Prepaid expenses	51,500	(80,182)
Deposits	(4,139)	(855)
Increase (decrease) in operating liabilities:		
Accounts payable	(9,051)	8,982
Accrued payroll and related liabilities	(2,538)	8,692
Accrued expenses	20,750	(56,893)
Deferred revenue	(139,737)	143,683
Net cash (used) provided by operating activities	<u>(21,449)</u>	<u>64,264</u>
Cash flows from investing activities:		
Purchase of property and equipment	(14,521)	(6,241)
Borrowings under long-term debt	9,721	-
Investment activity, net	80,723	33,760
Net cash provided by investing activities	<u>75,923</u>	<u>27,519</u>
Net increase in cash	54,474	91,783
Cash and cash equivalents at beginning of year	<u>228,453</u>	<u>136,670</u>
Cash and cash equivalents at end of year	<u>\$ 282,927</u>	<u>\$ 228,453</u>

See accompanying Notes to Financial Statements.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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 Theatre’s policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(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. The Theatre writes off uncollectible accounts as they are identified. 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, 2020 and 2019

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) Concentration of credit risk

Financial instruments that potentially subject the Theatre to concentrations of credit risk consist principally of cash deposits. The Theatre may at times have cash on deposit at financial institutions that is in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) 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.

(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 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.

The Theatre received donated services to assist with production and event expenses. The estimated value of the contributed services for the years ended June 30, 2020 and 2019 was \$41,281 and \$23,545, respectively.

(l) Deferred revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2020 and 2019. This is composed of revenue for theatre productions that will take place the following fiscal year.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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.

(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 market. 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.

(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 11 and 12.

(q) Revenue and cost recognition

On January 1, 2019, the Theatre adopted ASC Topic 606, *Revenues from Contracts with Customers*, and the related amendments. In accordance with the guidance, the Theatre recognizes revenues when control of promised goods or services is transferred to its customers in an amount that reflects the consideration the Theatre expects to be entitled to receive in exchange for those goods or services.

The Theatre adopted this standard using the modified-retrospective method. Results for reporting periods beginning after January 1, 2019, are presented under the new standard. Adoption of the standard did not result in adjustment to the Theatre’s opening fund balance, and there was no material impact on revenues as a result of applying ASC Topic 606.

3) New accounting pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The ASU is effective for the Theatre beginning July 1, 2022. Management is currently evaluating the impact of this ASU on their financial statements.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

4) Property and equipment

Property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Building & improvements	\$ 3,491,720	\$ 3,491,720
Land	7,600	7,600
Equipment	351,891	337,368
Furniture and fixtures	101,947	101,947
Total costs	<u>3,953,158</u>	<u>3,938,635</u>
Less: accumulated depreciation	<u>(1,366,752)</u>	<u>(1,245,275)</u>
Property and equipment	<u>\$ 2,586,406</u>	<u>\$ 2,693,360</u>

5) Net assets with purpose restrictions

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

	<u>2020</u>	<u>2019</u>
Strategic plan	\$ 12,145	\$ 12,145
Capital improvements	64,367	64,367
Education programing	107,291	8,761
Executive salaries	9,000	-
Total temporarily restricted assets	<u>\$ 192,803</u>	<u>\$ 85,273</u>

6) 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, 2020 and 2019, these net assets were as follows:

	<u>2020</u>	<u>2019</u>
Harold Newman Endowment Fund	\$ 210,456	\$ 221,132
Le Petit Theatre Endowment Fund	50,187	51,675
Total net assets with restrictions perpetual in nature	<u>\$ 260,643</u>	<u>\$ 272,807</u>

7) Operating lease

The Theatre entered into a lease agreement effective February 1, 2017, for office space. The lease expires on January 31, 2021, unless terminated early in accordance with the lease agreement. The Theatre has the option to renew the lease for three successive one year renewal terms. Future minimum rental payments under the current lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 16,347

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

8) 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, 2020 and 2019 are summarized as follows:

	<u>Costs</u>	<u>2020 Fair Value</u>	<u>2019 Fair Value</u>
Endowment Fund Investments	\$ 234,008	\$ 260,643	\$ 272,807
Board Designated Endowment	\$ 1,377,565	\$ 1,352,011	\$ 1,431,106

Investment return for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Endowment Fund Investments		
Investment income	\$ 2,937	\$ 2,112
Realized / unrealized gain	2,231	11,619
Board Designated Endowments		
Investment income	41,440	22,887
Realized / unrealized (loss) gain	(717)	54,851

9) 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. 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 anticipates to utilize the remaining portion on qualifying expenses, therefore, expects the loan to be fully forgiven.

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 miscellaneous income on the statement of activities.

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:

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

10) Fair value measurement (continued)

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.

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, 2020 and 2019.

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, 2020 and 2019.

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 marked 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.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

10) Fair value measurement (continued)

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

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	7,995	81,846	-	89,841
Mortgage Backed Securities	-	1,788	-	1,788
Total assets at fair value	\$ 946,383	\$ 489,324	\$ -	\$ 1,435,707
Investments recorded at NAV as practical expedient				176,947
				\$ 1,612,654

The following table sets forth by level, within the fair value hierarchy, the Theatre's assets at fair value as of June 30, 2019.

Assets at Fair Value as of June 30, 2019				
	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 958,418	\$ -	\$ -	\$ 958,418
Corporate Bonds	-	451,046	-	451,046
Fixed Income Funds	-	112,985	-	112,985
Mortgage Backed Securities	-	2,525	-	2,525
Total assets at fair value	\$ 958,418	\$ 566,556	\$ -	\$ 1,524,974
Investments recorded at NAV as practical expedient				178,939
				\$ 1,703,913

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) Board designated endowments

As of June 30, 2020 and 2019, the Board of Le Petit Theatre du Vieux Carre had designated \$1,352,011 and \$1,527,404, 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.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

11) Board designated endowments (continued)

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, 2020 and 2019 was:

	Board Designated Endowment 2020 Without Donor Restrictions	Board Designated Endowment 2019 Without Donor Restrictions
Endowment net assets, beginning of year	\$ 1,527,404	\$ 1,457,409
Investment income	41,440	22,887
Realized / unrealized (loss) gain	(717)	54,851
Subtotal	1,568,127	1,535,147
Amounts appropriated for expenditure	174,103	-
Administrative expenses	7,070	7,743
Endowment net assets, end of year	\$ 1,386,954	\$ 1,527,404

12) 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. 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.

LE PETIT THEATRE DU VIEUX CARRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

12) Endowment (continued)

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 2020 and 2019 distributions were 4%. This percentage is evaluated each year and adjusted as necessary.

The composition of endowments by net asset class at June 30, 2020 and 2019 was:

	Net Assets with Restrictions Perpetual in Nature 2020	Net Assets with Restrictions Perpetual in Nature 2019
Endowment net assets, beginning of year	\$ 283,139	\$ 280,264
Investment income	2,937	2,112
Realized / unrealized gain	2,231	11,619
Contributions	2,140	2,112
Subtotal	<u>290,447</u>	<u>296,107</u>
Grants	11,036	10,753
Administrative expenses	<u>2,068</u>	<u>2,215</u>
Endowment net assets	<u><u>\$ 277,343</u></u>	<u><u>\$ 283,139</u></u>

13) Subsequent events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Theatre's financial results. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Theatre has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. Other than the event disclosed above, there were no material subsequent events that required recognition or additional disclosure in these financial statements.



WEGMANN DAZET & COMPANY

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, 2020, 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 December 31, 2020.

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) to determine 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 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 determination of financial statement amounts. 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.

December 31, 2020

Wegmann Bazet

LE PETIT THEATRE DU VIEUX CARRE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Years Ended June 30, 2020 and 2019

SUMMARY OF COMPENSATION

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