LOUISIANA SYMPHONY ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

BATON ROUGE, LOUISIANA

TABLE OF CONTENTS

Audited Financial Statements:

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Independent Auditor's Report

To the Board of Directors
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Louisiana Symphony Association, Inc. (the "Association") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Louisiana Symphony Association, Inc. as of June 30, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Symphony Association, Inc. 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 Louisiana Symphony Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Association's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 20, 2024

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets:		
Cash and Cash Equivalents	$ 143,732	$ 217,423
Restricted Cash	201,287	196,565
Investments - Restricted	266,449	196,329
Unconditional Promises to Give - Without Donor Restrictions	4,000	3,995
Receivables	12,475	9,487
Prepaid Expenses and Other Assets	5,682	552
Total Current Assets	633,625	624,351
Endowment Assets	551,275	551,275
Beneficial Interest in BR Symphony League	247,694	182,442
Long-Term Portion of Unconditional Promises to Give -		
Without Donor Restrictions	-	9,125
Property and Equipment, Net	61,176	57,207
Right-of-Use Assets - Operating Leases	106,653	128,547
Total Assets	$ 1,600,423	$ 1,552,947

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities:		
Accounts Payable	$ 24,278	$ 66,220
Current Portion of Long-Term Operating Lease Liability	34,090	26,485
Accrued Expenses	1,823	-
Deferred Revenues	118,551	95,004
Total Current Liabilities	178,742	187,709
Long-Term Lease Liability	81,519	110,131
Net Assets:		
Without Donor Restrictions:		
Undesignated	105,240	112,582
Designated by the Board for Operating Reserve	50,000	50,000
	155,240	162,582
With Donor Restrictions:		
Perpetual in Nature	551,275	551,275
Purpose Restrictions	629,647	528,130
Time-Restricted for Future Periods	4,000	13,120
	1,184,922	1,092,525
Total Net Assets	1,340,162	1,255,107
Total Liabilities and Net Assets	$ 1,600,423	$ 1,552,947

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions:						
Endowment - Investment Income	$ -	$ 90,117	$ 90,117	$ -	$ 53,970	$ 53,970
Individual	193,732	45,843	239,575	153,289	73,566	226,855
Corporate	35,442	42,530	77,972	50,501	89,999	140,500
Foundations	14,000	183,000	197,000	118	137,500	137,618
Board Members	19,953	9,793	29,746	12,904	10,000	22,904
League	45,550	-	45,550	50,000	-	50,000
Special Events	43,865	-	43,865	20,155	-	20,155
In Kind Contributions	73,901		73,901	39,056		39,056
Government Grants	107,567	-	107,567	108,893	-	108,893
Program Service Fees:						
Admission, Subscription and Ticket Sales	664,735	-	664,735	443,176	-	443,176
Custom Hire/Fees for Service	90,915	-	90,915	52,850	-	52,850
Merchandise	-	-	-	319	-	319
Tuition and Dues	36,919	-	36,919	26,942	-	26,942
Interest Income	11,568	-	11,568	2,338	1,762	4,100
Other Income	7,716	-	7,716	1,160	-	1,160
Change in Beneficial Interest in League	65,252	-	65,252	36,875	-	36,875
Total Support and Revenue	1,411,115	371,283	1,782,398	998,576	366,797	1,365,373
Net Assets Released From Restriction	278,886	(278,886)	-	412,874	(412,874)	-
Total Revenues and Other Support	1,690,001	92,397	1,782,398	1,411,450	(46,077)	1,365,373
Expenses:						
Program Expenses	1,085,503	-	1,085,503	974,630	-	974,630
Supporting Services:						
Marketing	124,018	-	124,018	108,726	-	108,726
Development	151,495	-	151,495	98,707	-	98,707
General and Administrative Expenses	336,327	-	336,327	295,033	-	295,033
Total Expenses	1,697,343	-	1,697,343	1,477,096	-	1,477,096
Change in Net Assets	(7,342)	92,397	85,055	(65,646)	(46,077)	(111,723)
Net Assets - Beginning of Year	162,582	1,092,525	1,255,107	245,228	1,121,602	1,366,830
Transfer of Net Assets	-	-	-	(17,000)	17,000	-
Net Assets - End of Year	$ 155,240	$ 1,184,922	$ 1,340,162	$ 162,582	$ 1,092,525	$ 1,255,107

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

		Supporting Services			Total
	Program Expenses	Marketing	Development	General and Administrative	Expenses 2024
Salaries and Wages	$ 481,162	$ 78,650	$ 46,625	$ 78,945	$ 685,382
Payroll Taxes	29,852	6,190	3,003	7,625	46,670
Employee Benefits	12,897	7,597	4,133	19,625	44,252
Professional Services	-	-	-	49,884	49,884
Office Expense	-	-	-	15,168	15,168
Lease Expense	-	-	-	30,887	30,887
Interest Expense	-	-	-	54	54
Depreciation	9,180	-	-	730	9,910
Insurance	-	-	-	38,070	38,070
Public Relations	5,601	31,581	-	-	37,182
Guest Artists	204,819	-	-	-	204,819
Concerts	268,540	-	-	-	268,540
Patron Services	71,951	-	-	-	71,951
In-Kind Donations	1,501	-	400	72,000	73,901
Other Expenses	-	-	97,334	23,339	120,673
Total Expenses	$ 1,085,503	$ 124,018	$ 151,495	$ 336,327	$ 1,697,343

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Expenses	Supporting Services: Marketing	Supporting Services: Development	Supporting Services: General and Administrative	Total Expenses 2023
Salaries and Wages	$ 455,469	$ 73,000	$ -	$ 101,647	$ 630,116
Payroll Taxes	31,650	4,055	-	11,468	47,173
Employee Benefits	5,000	5,000	-	13,758	23,758
Professional Services	46,000	-	-	24,100	70,100
Office Expense	-	-	-	12,857	12,857
Bad Debt	-	-	-	1,325	1,325
Depreciation	7,561	-	-	595	8,156
Insurance	-	-	-	36,896	36,896
Lease Expense	-	-	-	29,069	29,069
Public Relations	17,616	26,671	-	-	44,287
Guest Artists	175,827	-	-	-	175,827
Concerts	188,825	-	-	-	188,825
Patron Services	45,167	-	-	-	45,167
In-Kind Donations	1,515	-	-	36,000	37,515
Other Expenses	-	-	98,707	27,318	126,025
Total Expenses	$ 974,630	$ 108,726	$ 98,707	$ 295,033	$ 1,477,096

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

LOUISIANA SYMPHONY ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in Net Assets	$ 85,055	$ (111,723)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	9,910	8,156
Unrealized Gain on Investments	90,117	53,970
Change in Beneficial Interest in BR Symphony League	(65,252)	(36,875)
Amortization of Right-Of-Use Assets	30,887	29,069
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,988)	(8,413)
Prepaid Expenses and Other Assets	(5,130)	568
Unconditional Promises to Give - Without Donor Restrictions	9,120	61,897
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(41,942)	46,319
Accrued Expenses	1,823	(1,565)
Deferred Revenues	23,547	91,884
Operating Lease Liabilities	(30,000)	(21,000)
Net Cash Provided by Operating Activities	105,147	112,287
Cash Flows from Investing Activities:		
Payments for Purchases of Property and Equipment	(13,879)	(36,402)
Net Proceeds (Purchases) of Investments	(160,237)	(134,913)
Net Cash Used in Investing Activities	(174,116)	(171,315)
Net Decrease in Cash and Cash Equivalents	(68,969)	(59,028)
Cash and Cash Equivalents at Beginning of Year	413,988	473,016
Cash and Cash Equivalents at End of Year	$ 345,019	$ 413,988

Recap of Cash

	2024	2023
Cash	$ 143,732	$ 217,423
Cash - Restricted	201,287	196,565
	$ 345,019	$ 413,988

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

Note 1 - Nature of Activities -

The Louisiana Symphony Association, Inc. (the Association) was founded in 1947. The mission of the Association is to enhance the quality of life in our community through music.

Note 2 - Summary of Significant Accounting Policies -

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Association is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Net Assets Without Donor Restrictions - not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Board of Directors. Board designations include designation for reserves and other designations and are presented on the face of these financials statements.

Net Assets With Donor Restrictions - subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature for future periods, such as those that will be met by the passage of time or other events specified by the donor, and some donor restrictions are restricted for purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets restricted in perpetuity include endowment funds on these financials.

Revenue Recognition

The Association recognizes revenue from program service fees after completion of these events which generally occurs in the same fiscal year that the proceeds are collected. Each program is a distinct performance obligation. If events are not held in the current year and postponed until the following year, the revenues related to those events would be deferred. The Association recognizes the exchange portion of subscription sales over the subscription period which expires and must be subsequently renewed at the end of each calendar year. Refunds and non-collection of fees have historically been insignificant.

Contributions, Grants and Tax Credit Income are discussed below:

Contributions

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. 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.

The Association has an endowment trust funded by contributions. Donor contributions without donor restrictions can be used at the Association's discretion. The principal for donor contributions with donor restrictions that are perpetual in nature must remain intact. Funds donated with restrictions on principal have been classified as perpetual in nature net assets with donor restrictions.

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 cash and other assets donated to the Association are reported at fair value on the date the promise is received. Due to the relatively short term nature of the promises to give, fair value equals the amount of the promise at June 30, 2024 and 2023.

Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable as the grant dollars are spent. Grants which represent contributed support are recognized in the same manner as promises to give.

Tax Credit Income

Tax credit income is recognized as a receivable when the application has been accepted and approved for payment by the governing body.

Accounts Receivable and Deferred Revenue

The Association assesses the collectability of its trade accounts receivable using the direct write-off method. Under this method, trade accounts receivable are charged directly against earnings when they are determined by management to be uncollectible. Use of this method does not result in a material difference from the current expected credit loss (CECL) method (ASC Topic 326) for 2024 and incurred loss method for 2023 required by U.S. generally accepted accounting principles. Bad debt expense for trade accounts receivable for the years ended June 30, 2024 and 2023 was $-0- and $1,325, respectively.

Deferred revenue represents tickets for concerts that have been sold or sponsorships received prior to the date of the concert. After the concert is performed, the revenue from the concert will be realized and recorded as revenue. In the event any of the productions are not presented, the advance ticket collections and sponsorships for that concert will be available for refund to the ticket holders.

Donated Assets, Goods and Services

Contributed services are reflected in the financial statements at their fair value of the services rendered. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated materials are reflected in the financial statements at their estimated values at the date of receipt. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

During the year ended June 30, 2024, the Association received donated professional services of $72,000 that would typically be purchased if not provided as in-kind contribution. These contributions which require specialized skills, are recognized as in-kind contributions at fair value when the contribution is made and are expensed when the services are rendered. In addition, the Association received contributed materials with an estimated fair value of $1,901. These materials were related to food and supplies for various musician dinners during the year. The estimated fair value of these professional services and materials is provided by the service providers or contractors.

During the year ended June 30, 2023, the Association received $39,056 of in-kind contributions of services and materials, which consisted of $36,000 of donated professional services and $3,056 of materials for musician dinners.

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition, as described above.

Property and Equipment

Property and equipment are stated at cost. The Association capitalizes all assets with an initial cost that is greater than $500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Association has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

The Association files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to federal tax examinations by tax authorities for years before 2020. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The Association adopted the accounting guidance related to accounting for uncertain tax positions. In management's judgment, the Association does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

Cash and Cash Equivalents

The Association considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents." Cash and cash equivalents for purposes of the statements of cash flows excludes cash and cash equivalents in investments and amounts held in brokerage accounts that are perpetual in nature with donor restricted net assets.

The Association maintains cash balances at several financial institutions and brokerage houses. At various times during the year, the balances on deposit may exceed the limits insured by the Federal Deposit Insurance Corporation.

Functional Allocation of Expenses

The costs of providing for the various programs and other activities of the Association have been summarized on their functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are recorded directly in the program service or supporting service classification in which they were incurred except for salaries and wages which are allocated based on employee function.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. Actual results could differ from those estimates and such differences may be material.

Investments and Investment Revenues

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Unrealized gains and losses and other investment income are recorded in current year operations as increases or decreases in net assets with donor restrictions until the gains and losses receive appropriation for expenditure.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method. These realized gains and losses flow through the Association's current operations.

Beneficial Interest in Baton Rouge Symphony League

In accordance with the *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others*, the net assets of the League are treated as a beneficial interest asset on the Association's financial statements. The effect of this guidance is for the Association to recognize an asset equal to the net assets of the League, similar to the equity method of accounting.

Leases

Effective July 1, 2022, the Association adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), and all related amendments retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment, electing not to adjust the comparative period. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the statement of financial position. The Association elected the practical expedient relief package allowed by the new standard, which does not require the reassessment of (1) whether existing contracts contain a lease, (2) the lease classification or (3) unamortized initial direct costs for existing leases. Additionally, the Association made accounting policy elections for the exclusion of short-term leases (leases with an initial term of 12 months or less and which do not include a purchase option that the Association is reasonably certain to exercise) from the statement of financial position presentation, and the use of the portfolio approach in determination of the discount rate.

The Association determines if an arrangement contains a lease at inception. Leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Association's right to control the use of a specified asset for the lease term, and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. In determining the present value of the lease payments, the Association uses the risk-free discount rate when the discount rate is not implicit in the lease. Lease payments include fixed and variable payments based on an index or a rate. Variable lease payments that are not index or rate based are recorded as expenses when incurred. The lease term is the non-cancelable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Association is reasonably certain to exercise those options.

The costs associated with operating leases are recognized on a straight-line basis, within operating expenses, over the period of the leases. The finance lease ROU assets are amortized on a straight-line basis within, operating expenses, over the shorter of their estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense.

The Association does not recognize ROU assets and lease liabilities on short term leases but recognizes lease expense for these leases on a straight-line basis over the lease terms and any variable lease payments in the period in which the obligation for those payments is incurred.

See Note 8 to these financial statements for additional information and disclosures related to operating leases, including qualitative and quantitative disclosures required by Topic 842.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the current year financial statements. Such reclassifications had no effect on previously reported changes in net assets.

Subsequent Events

The management of the Association evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through December 20, 2024, the date which the financial statements were available to be issued.

Note 3 - Receivables - With Donor Restrictions and Deferred Revenues -

In accordance with ASC Topic 606, Revenue from Contracts with Customers, the following amounts are included in the Statement of Financial Position at June 30, 2024 and 2023 under the following captions:

	2024		2023	
Accounts Receivable:				
Receivables	$	12,475	$	9,487
Curent Liabilities:				
Deferred Revenues	$	118,551	$	95,004

As of June 30, 2022, the Receivables totaled $1,074, and Deferred Revenues totaled $3,120.

Note 4 - Liquidity and Availability -

The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets at Year-end:		
Cash and Cash Equivalents	$	143,732
Restricted Cash		201,287
Investments		266,449
Unconditional Promises to Give		4,000
Receivables		12,475
Endowment Assets		551,275
		1,179,218
Less amounts not available for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Perpetual in Nature		(551,275)
Purpose Restrictions		(629,647)
Time-Restricted for Future Periods		(4,000)
Financial assets available to meet cash needs for general expenditures within one year	$	(5,704)

The Louisiana Symphony Association, Inc. manages liquidity through a variety of methods. One method is the organization deploys structured ask windows and sequence drops with its development committee. Another is the introduction of additional funds on an as needed basis through $250,000 in available working capital lines of credit. A third is management of its own box office, which provides stronger cash flow than not managing internally. A fourth method of liquidity management is through dedicated reserves.

Despite all these active constructive measures, the Louisiana Symphony Association, Inc. remains structurally dependent on the fundraising efforts of the Irene W. & C. B. Pennington Great Performers (PGP) in Concert Series annual event. The net proceeds from this event for the 2023-2024 fiscal period were 10% of the organization's top line revenue. The Board is aware of the concentration risk this represents and is actively working to strengthen the core operations' financial performance to mitigate or dilute the concentration risks this event represents.

As of June 30, 2023, the Association had $91,674 of financial assets available to meet cash needs for general expenditures within one year.

Note 5 - Property and Equipment -

A summary of property and equipment, accumulated depreciation, and related service lives at June 30, is as follows:

	Estimated Service Lives	2024	2023
Equipment	3 - 7 Years	$ 3,174	$ 750
Furniture and Fixtures	5 - 7 Years	80,783	69,328
Piano	20 Years	92,750	92,750
		176,707	162,828
Less: Accumulated Depreciation		(115,531)	(105,621)
		$ 61,176	$ 57,207

Note 6 - Fair Value Measurements -

The fair value measurement accounting literature provides 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 and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

- Level 3 - inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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, 2024 and 2023:

Mutual funds: Valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Association are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 114,217	$ -	$ -	$ 114,217
Mutual Funds	703,507	-	-	703,507
Total Assets at Fair Value	$ 817,724	$ -	$ -	$ 817,724

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 156,716	$ -	$ -	$ 156,716
Mutual Funds	590,888	-	-	590,888
Total Assets at Fair Value	$ 747,604	$ -	$ -	$ 747,604

Note 7 - Lines of Credit -

The Association has an available line of credit totaling $250,000 at June 30, 2024 and 2023, respectively, from a financial institution. The line of credit is secured with the Association's deposit accounts. The line of credit, related balances, maturities, and interest rates as of June 30, 2024 and 2023, respectively, are as follows:

2024

Financial Institution	Rate	Balance	Maturity
First Horizon	8.69% (variable)	$ -	September 21, 2024*

2023

Financial Institution	Rate	Balance	Maturity
First Horizon	12.85% (variable)	$ -	September 26, 2023

*This line of credit was renewed in August of 2024 with the same terms maturing in September 2026.

Note 8 - Leases -

The Association entered into an operating lease agreement for office and operations space. The initial lease terms generally range from 1 to 5 years for real estate leases. Leases with initial terms of 12 months or less are not recorded on the Statements of Financial Position, and the Association recognizes lease expense for these leases on a straight-line basis over the lease terms. Operating Lease Expense is included in Lease Expense in the Statement of Functional Expenses.

Many leases include options to terminate or renew, with renewal terms that can exceed the lease term from 1 to 5 years or greater. Lease renewal options are at the Association's discretion. The Association's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of the lease contracts as of and for the year ended June 30, 2024 and 2023:

Lease Expense:	2024	2023
Operating Lease Expense	$ 30,887	$ 29,069

Additional information related to the lease contracts for the years ended June 30, 2024 and 2023 are as follows:

Supplemental Cash Flow Information :	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	$ 30,000	$ 21,000
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	$ -	$ 153,436
Other Information:		
Weighted-average Remaining Lease Term in Years for Operating Leases	3.75	4.80
Weighted-average Discount Rate for Operating Leases	2.88%	2.88%

As of June 30, 2024 and 2023, operating lease liabilities consisted of the following:

	2024	2023
Current Portion of Long-Term Operating Lease Liabilities	$ 34,090	$ 26,485
Long-Term Operating Lease Liabilities	81,519	110,131
	$ 115,609	$ 136,616

The maturities of the operating lease liabilities as of June 30, 2024 are as follows:

June 30, 2025	$ 36,900
June 30, 2026	35,544
June 30, 2027	27,609
June 30, 2028	21,321
Total Undiscounted Cash Flows	121,374
Less: Present Value Discount	(5,765)
Total Lease Liabilities	$ 115,609

Note 9 - Net Assets with Donor Restrictions for Purpose or Time-Restricted for Future Periods -

Net assets with donor restrictions were available for the following purposes at June 30, 2024 and 2023:

	2024	2023
88 Keys	$ 126,018	$ 118,581
Endowment Income - Education	319,804	244,979
PGP Funds	20,478	28,328
Guest Artist Fund	77,794	64,242
Multi-year Promises to Give	4,000	13,120
* Artistic Excellence	85,553	72,000
Total	$ 633,647	$ 541,250

* During the year ended June 30, 2023, funds in the amount of $17,000 were transferred to this fund representing dollars received in the June 30, 2022 year that were originally recorded as unrestricted.

Note 10 - Net Assets with Donor Restrictions for Purpose or Time-Restricted for Future Periods Released from Restrictions -

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Multi-year Promises to Give	$ 9,120	$ 65,347
PGP Funds	246,766	337,527
Guest Artist Fund	23,000	10,000
Total	$ 278,886	$ 412,874

Note 11 - Unconditional Promises to Give -

Unconditional promises to give at June 30, 2024 and 2023 are as follows:

	2024	2023
Receivable in Less Than One Year	$ 4,000	$ 3,995
Receivable in One to Five Years	-	9,125
Total Unconditional Promises to Give	$ 4,000	$ 13,120

Note 12 - Endowed Net Assets -

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 (“Act”) to implement the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as the standard for the management and investment of institutional funds in Louisiana. The Act permits an organization to appropriate for expenditure or accumulate so much of an endowment fund as the organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. As of June 30, 2024 and 2023, the Association holds net assets with donor restrictions that are perpetual in nature within an endowment account at Merrill Lynch. The principal amounts of $551,275 and $551,275 as a result of the donations received shall not be expended for any purpose whatsoever as of June 30, 2024 and 2023, respectively. The earnings of these funds are deposited in net assets without donor restrictions. Earnings, net of fees, for the year ended June 30, 2024 and 2023 amounted to $90,117 and $53,97, respectively. The funds are under the direction and control of the Executive Director of the Association, and he only acts with Finance Committee or Board approval, as appropriate. During the life of the donor for each endowment, an annual report of the expenditure of endowment income shall be made to the Donor(s) or his/her designee(s). There was a $-0- change and $44,773 increase in the principal amount of the endowed account during the years ended June 30, 2024 and 2023, respectively.

Note 13 - Commitment and Contingencies -

The Paycheck Protection Program (PPP) loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over $2 million will be fully audited and loans under $2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness. The Association received two PPP loans (both of which were forgiven in 2021) for a total of $176,027.

Note 14 - Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer -

Purpose:	Eric Marshall 2024
Salary	$ 91,042
Benefits - Insurance	4,791
Benefits - Retirement	7,125
Other	417
Total	$ 103,375

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Symphony Association, Inc. (the "Association"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

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

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we have reported to management of the Association in a separate letter dated December 20, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 20, 2024

LOUISIANA SYMPHONY ASSOCIATION, INC.

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2024

None.

LOUISIANA SYMPHONY ASSOCIATION, INC.

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2024

None.

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December 20, 2024

To Management and the Board of Directors of
Louisiana Symphony Association, Inc.
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Louisiana Symphony Association, Inc. ("the Association") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 20, 2024 on the financial statements of the Association. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

<u>Approval of Journal Entries</u>

We noted during our prior year and current year audits that upper management and the Board is actively involved in the monthly review of the financial statements which includes investigating any unusual account balances or fluctuation from one period to the next. However, there is no formal review of journal entries being performed. In addition, the preparer of the journal entries is also the preparer of the cash reconciliations, as well as involved in signing of cash disbursements.

<u>Recommendation</u>: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the financial reporting of the Association, who is not directly involved in the recording of journal entries, preparing the cash reconciliations, and signing cash disbursements to review and approve journal entries. Evidence of this review should be documented via signature or other means such as an email approval.

<u>Management's Response:</u>

Management concurs with the recommendation to approve journal entries by someone in upper management who is not directly involved in the recording of journal entries, preparing the cash reconciliation and signing cash disbursements. This process will be implemented in early 2025.

Bank Statements and Bank Reconciliations

We noted during our prior year and current year audits of the financial statements of the Association that the board chairman is responsible for preparing the reconciliation of the bank accounts as well as signing checks. The preparation of the reconciliation should be completed timely each month and the outstanding checks and deposits in transit should be properly listed. We noted some of the monthly QuickBooks reconciliations did not properly reconcile the correct reconciling items after adjustments were made prior to the period ended. We recommend that management reviews the bank reconciliation to ensure that all outstanding checks are properly listed and that all deposits in transit are accurately recorded in the general ledger. We noted that the reconciliations are part of the monthly reporting package, along with financial statements, submitted to the finance committee. However, we noted there is no formal review of the monthly bank reconciliations. We also noted bank statements are not formally signed off on after review.

Recommendation: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the cash receipts and disbursements of the Association, who is not directly involved in the bank reconciliation preparation, begin independently accessing the unopened bank statements via online banking access and review the detailed statements receipts and disbursements activity each month. We further recommend that the same individual above begin reviewing and approving the monthly bank reconciliations after they are prepared. Evidence of these reviews should be documented via signature or other means such as email approval. This will help to ensure that any errors or discrepancies are identified and corrected in a timely manner. We also recommend the Finance Committee document in formal finance committee minutes their evidence of review of the monthly financial statements, including any other documents reviewed.

Management's Response:

Management concurs with the recommendation to review the bank statement receipts and disbursements activity each month by an upper management employee that is not directly involved in the bank reconciliation preparation process. This individual will also review and approve the monthly bank reconciliation. We will also document our review of the financial statements in the finance committee minutes. This process will be implemented in early 2025.

Review of Payroll Register

We noted during our prior year and current year audits that certain members of management, and the production conductor are preparing payroll inputs on a frequent basis for hourly employees and that the Executive Director and Board Chairman are approving pay rate authorization forms for new hires and pay rate changes. However, there is no formal review of the payroll register prior to disbursement of funds for salaried employees. We recommend that the Association implement a review and approval process of the payroll register to ensure that it is accurate and complete.

Recommendation: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the payroll details of the Association, who is not directly involved in processing payroll, review and approve the semi-monthly payroll register for reasonableness and accuracy prior to payroll being released. Evidence of this review should be documented via signature or other means such as email approval.

Management's Response:

Management concurs with the review and approval of the semi-monthly payroll register by an upper management employee that is not directly involved in processing payroll. This process will be implemented in early 2025.

Segregation of Duties and Best Practices

Internal controls are designed to safeguard assets and to help to deter losses from employee dishonesty or error. A fundamental concept in a good system of internal controls is segregation of duties. To the extent possible, duties should be segregated to serve as a check and balance of employee integrity and to maintain the best control system possible. The three duties that should be segregated whenever possible are (1) record keeping (access to general ledger, reconciliations, etc.), (2) custody of assets (check signing ability, access to cash receipts, access to checks that have been signed, etc.) and (3) authorization (authority to order materials, sign contracts, etc.). The basic premise is that no employee has access to all phases of a transaction. During our audit, we noted that the accounting department was recently transitioned from an outside third party CPA to in-house accounting system and is currently evaluating the accounting duties moving forward.

Recommendation: As a best practice, we recommend that management evaluate the processes in place for best practices including preparing monthly cash reconciliations, recording investment activity, and accounting for net asset restrictions. In addition, we recommend that the Association continue to evaluate and monitor its existing segregation of duties on an on-going basis. We recommend that management develop a plan to address any gaps identified in the above processes and implement the plan in a timely manner. This will help ensure that the accounting department is operating in accordance with best practices and the financial reporting is accurate and reliable.

Management's Response:

Management concurs with the evaluation of processes in place for cash reconciliations, investment activity roll forward and the net asset restriction roll forward. We also will continue to evaluate and monitor segregation of duties as we transition our accounting processes. This process will be implemented in 2025.

This report is intended solely for the use of Louisiana Symphony Association, Inc., and the Board of Directors, Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be, and should not be, used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP