

**THE LOUISIANA PHILHARMONIC
ORCHESTRA**

Audits of Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Trustees and Members of
the Louisiana Philharmonic Orchestra

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Louisiana Philharmonic Orchestra (the LPO) (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year 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 the LPO as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the LPO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the LPO, as of and for the year ended June 30, 2023, were audited by other auditors, whose report, dated January 9, 2025, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 the LPO's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

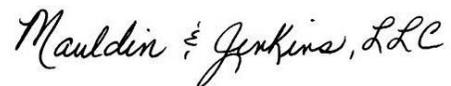
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 GAAS. 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 our report dated January 12, 2026, on our consideration of the LPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the LPO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LPO's internal control over financial reporting and compliance.



Metairie, LA
January 12, 2026

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 258,055	\$ 431,235
Contributions Receivable, Net	152,337	137,638
State Tax Credit Receivable	1,813,433	1,255,514
Other Receivable	-	83,778
Investments	2,229,681	870,924
Other Current Assets	18,750	64,657
Total Current Assets	4,472,256	2,843,746
Property and Equipment, Net	269,160	273,266
Other Assets		
Contributions Receivable Greater than One Year, Net	36,861	25,781
Interest in Endowment Trust	1,100,097	1,028,001
Operating Lease Right-of-Use Assets, Net	244,453	288,496
Total Other Assets	1,381,411	1,342,278
Total Assets	\$ 6,122,827	\$ 4,459,290
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable and Accrued Liabilities	\$ 141,101	\$ 36,283
Deferred Revenue - Ticket Sales	393,537	334,652
Line of Credit	1,540,000	750,000
Notes Payable, Current	-	3,702
Operating Lease Liabilities, Current Portion	208,311	207,953
Total Current Liabilities	2,282,949	1,332,590
Long-Term Liabilities		
Notes Payable, Less Current Maturities	150,000	141,170
Operating Lease Liabilities, Less Current Portion	38,682	104,561
Total Long-Term Liabilities	188,682	245,731
Total Liabilities	2,471,631	1,578,321
Net Assets		
Without Donor Restrictions	1,913,221	1,088,045
With Donor Restrictions	1,737,975	1,792,924
Total Net Assets	3,651,196	2,880,969
Total Liabilities and Net Assets	\$ 6,122,827	\$ 4,459,290

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Earned Revenue - Ticket Sales and Season Subscriptions	\$ 3,084,216	\$ -	\$ 3,084,216
Contributions	3,234,727	29,953	3,264,680
Contributions of Nonfinancial Assets	6,061	-	6,061
Other Income	261,429	-	261,429
Net Assets Released from Restrictions - Satisfaction of Purpose Restrictions for Orchestra Programs	42,451	(42,451)	-
Investment Return, Net	241,033	-	241,033
Distributions from Endowment	42,451	(42,451)	-
Total Revenues and Other Support	6,912,368	(54,949)	6,857,419
Expenses			
Program Services			
Orchestra Programs	4,232,099	-	4,232,099
Marketing	385,226	-	385,226
Education	227,597	-	227,597
Supporting Services			
Fundraising and Development	129,053	-	129,053
Management and General	1,113,217	-	1,113,217
Total Expenses	6,087,192	-	6,087,192
Change in Net Assets	825,176	(54,949)	770,227
Net Assets, Beginning of Year	1,088,045	1,792,924	2,880,969
Net Assets, End of Year	\$ 1,913,221	\$ 1,737,975	\$ 3,651,196

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Earned Revenue - Ticket Sales and Season Subscriptions	\$ 5,392,455	\$ -	\$ 5,392,455
Contributions	2,702,559	658,191	3,360,750
Contributions of Nonfinancial Assets	17,550	-	17,550
Other Income	192,373	-	192,373
Net Assets Released from Restrictions - Satisfaction of Purpose Restrictions for Orchestra Programs	328,625	(328,625)	-
Investment Return, Net	112,075	-	112,075
Distributions from Endowment	41,725	(41,725)	-
Total Revenues and Other Support	8,787,362	287,841	9,075,203
Expenses			
Program Services			
Orchestra Programs	6,814,199	-	6,814,199
Marketing	266,742	-	266,742
Education	123,373	-	123,373
Supporting Services			
Fundraising and Development	256,513	-	256,513
Management and General	640,633	-	640,633
Total Expenses	8,101,460	-	8,101,460
Change in Net Assets	685,902	287,841	973,743
Net Assets, Beginning of Year	402,143	1,505,083	1,907,226
Net Assets, End of Year	\$ 1,088,045	\$ 1,792,924	\$ 2,880,969

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services			Supporting Services		Total
	Orchestra Programs	Marketing	Education	Fundraising and Development	Management and General	
Salaries and Wages	\$ 2,946,026	\$ 217,515	\$ 178,131	\$ 65,794	\$ 488,420	\$ 3,895,886
Organizational Supplies and Advertising	124,262	4,300	1,964	8,131	14,089	152,746
Services and Professional Fees	472,630	3,679	27,072	16,048	56,263	575,692
Venue, Office, and Other	667,020	159,732	20,430	39,080	547,432	1,433,694
Depreciation	22,161	-	-	-	7,013	29,174
Total	\$ 4,232,099	\$ 385,226	\$ 227,597	\$ 129,053	\$ 1,113,217	\$ 6,087,192

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Orchestra Programs</u>	<u>Marketing</u>	<u>Education</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	
Salaries and Wages	\$ 3,065,187	\$ 155,439	\$ 72,200	\$ 134,952	\$ 226,924	\$ 3,654,702
Organizational Supplies and Advertising	124,886	6,632	3,282	1,520	18,162	154,482
Services and Professional Fees	2,927,699	1,354	21,304	13,509	47,968	3,011,834
Venue, Office, and Other	670,282	103,317	26,587	106,532	334,796	1,241,514
Depreciation	26,145	-	-	-	12,783	38,928
Total	\$ 6,814,199	\$ 266,742	\$ 123,373	\$ 256,513	\$ 640,633	\$ 8,101,460

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

THE LOUISIANA PHILHARMONIC ORCHESTRA
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 770,227	\$ 973,743
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	29,174	38,928
Investment Return, Net - Endowment	(114,547)	(75,255)
Investment Return, Net - Investments	(152,311)	(45,608)
Amortization of Operating Lease Right-of-Use Assets	186,476	192,738
(Increase) Decrease in Operating Assets		
Contributions Receivable	(25,779)	445,763
State Tax Credit Receivable	(557,919)	(811,042)
Other Receivable	83,778	(83,778)
Other Current Assets	45,907	(52,819)
Interest in Endowment Trust	42,451	41,725
Increase (Decrease) in Operating Liabilities		
Trade Accounts Payable and Accrued Liabilities	104,818	6,669
Deferred Revenue - Ticket Sales	58,885	38,421
Operating Lease Liabilities	(207,954)	(168,720)
Net Cash Provided by Operating Activities	263,206	500,765
Cash Flows from Investing Activities		
Purchases of Investments	(2,867,012)	(599,842)
Proceeds from Sale of Investments	1,660,566	15,756
Purchase of Property and Equipment	(25,068)	(16,186)
Net Cash Used in Investing Activities	(1,231,514)	(600,272)
Cash Flows from Financing Activities		
Borrowings from Lines of Credit	790,000	251,530
Borrowings on Notes Payable	5,128	-
Repayments on Notes Payable	-	(5,128)
Net Cash Provided by Financing Activities	795,128	246,402
Net (Decrease) Increase in Cash and Cash Equivalents	(173,180)	146,895
Cash and Cash Equivalents, Beginning of Year	431,235	284,340
Cash and Cash Equivalents, End of Year	\$ 258,055	\$ 431,235
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 86,664	\$ 47,117
Recognition of Operating Lease Right-of-Use Assets	\$ 142,433	\$ 481,234
Operating Lease Liabilities Arising from Right-of-Use Assets	\$ 142,433	\$ 481,234

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

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization

The Louisiana Philharmonic Orchestra (the LPO) is a non-profit entity formed to establish an orchestra to perform classical and other music, to present programs, and to undertake other activities to further the enjoyment of classical and other music by the public.

The Association operates the following programs:

Orchestra Programs

Orchestra programs consist of musician salaries and wages, artistic leadership and programming staff, guest artist and conductor expense, sheet music and licensing, and facility and equipment expense.

Marketing

Marketing consists of advertising, design, printing and promotion expense, and the salaries of employees working in the marketing and box office departments.

Education

Education consists of materials and supplies for educational activities, education concert and project expense, and the salaries of employees working on education and community outreach projects.

Basis of Accounting

The LPO's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the LPO is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Contributions with donor restrictions are reported as revenues with donor restrictions. Once funds are expended for their restricted purpose, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets and changes in net assets released from restrictions. As of June 30, 2024 and 2023, there were \$1,737,975 and \$1,792,924, respectively, of net assets with donor restrictions.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the LPO considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Financial Instruments and Credit Risk

The LPO manages its deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the LPO to be creditworthy. At times, amounts on deposit may exceed federally insured limits. To date, the LPO has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because all of the outstanding amounts are due from patrons and other entities that are supportive of the LPO's mission. Investments are made by investment managers whose performance is monitored by the LPO. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the LPO believes that the investment policies and guidelines are prudent for the long-term welfare of the LPO.

Contributions Receivable

Contributions receivable consist of unconditional promises to give to the LPO. Unconditional promises to give are recognized as contribution revenue in the period received and are recorded at their net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. Management believes all accounts are fully collectible and, accordingly, no allowance is required.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Endowments

As disclosed in Note 4, the LPO has several endowments where the recipient organization has variance power over the assets. Also, as disclosed in Note 4, the LPO is the beneficiary of one endowment where the recipient organization does not have variance power. As such, the endowment is recorded as an asset in the statement of financial position. Distributions from this endowment can be made twice a year at the discretion of the trustee in the amount of 4.0% of the average endowment balance for the past twelve quarters, not exceeding the expected long-term investment return of the endowment. Distributions are classified as unrestricted other income in the statement of activities.

Investments

Investments are carried at fair market value, based on quoted market prices for the investments. Net investment return is reported in the statement of activities and changes in net assets without donor restrictions and consists of interest income, realized and unrealized gains and losses, less all investment expenses.

Property and Equipment

Property and equipment, which includes sheet music, musical instruments, production equipment, administrative equipment, and vehicles, are stated at cost, except for donated assets, which are recorded at fair market value on the date of the donation. It is the LPO's policy to capitalize all expenditures for these items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and twenty years for all property and equipment.

Deferred Revenue - Ticket Sales

The LPO promotes and collects season ticket sales for the subsequent season during the latter part of the current fiscal year. Costs incurred for the promotion of the following season are presented as deferred marketing costs, and revenues generated for the following season are presented as deferred revenue. Both the costs and revenues are recognized systematically throughout the next fiscal year as the season progresses and performances are held. The deferred revenue balance at July 1, 2022 was \$296,231.

Operating Leases

The LPO accounts for leases under FASB ASC Topic 842, *Leases*, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the statements of financial position. The ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments over that term.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Operating Leases (Continued)

Operating ROU assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised. The LPO has elected the private company alternative available in ASC 842 to use a risk free rate over a similar term in computing the present value of lease payments. Lease expense for operation lease payments is recognized on a straight-line basis over the lease term.

As permitted by the standard, the LPO elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset.

Tax Status

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

Contributions of Nonfinancial Assets

Donated nonfinancial assets are recorded as contributions at their fair market value at the date of donation. Contributed services are valued and reported at the estimated fair value based on current rates for similar services. During fiscal years 2024 and 2023, the LPO has recognized \$6,061 and \$17,550, respectively, of contributed nonfinancial assets primarily related to donated goods and management and general professional services.

Revenue Recognition

Earned Revenue - Ticket Sales and Season Subscriptions

Single ticket sales, which are generally nonrefundable, are recorded as revenues during the period for which they are collected. The performance obligation consists of the single concert being held. This performance obligation is fully performed within the fiscal year.

Season subscriptions, which are also generally nonrefundable, are recorded as revenues over the season for which they are collected, which is generally a nine month period. The performance obligations consist of multiple concert performances over the course of the nine month season being held. These performance obligations are fully performed within the season. If the performance obligation is not met, the amounts received will be deferred to the period for which the season is completed.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include staff salaries and benefits, supplies and travel, services and professional fees, office and occupancy, depreciation, and other expenses, which are allocated to functions based off estimates of time and effort.

Note 2. Contributions Receivable

Contributions receivable are as follows as of June 30, 2024 and 2023:

	2024	2023
Receivable in Less than One Year	\$ 189,198	\$ 137,638
Receivable in One to Five Years	-	28,335
Total Contributions Receivable	189,198	165,973
Less: Discounts to Net Present Value	-	(2,554)
Contributions Receivable, Net	\$ 189,198	\$ 163,419

Pledges expected to be received in more than one year were discounted at 5.40% for June 30, 2023. For June 30, 2024, all pledges were expected to be received within one year, so there were no pledges discounted.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 3. Property and Equipment

Property and equipment, net is summarized as follows as of June 30, 2024 and 2023:

	2024	2023
Music Library	\$ 276,181	\$ 257,319
Instruments, Production Equipment, and Administrative Equipment	1,219,498	1,210,853
Vehicles	22,885	22,885
	<u>1,518,564</u>	<u>1,491,057</u>
Less: Accumulated Depreciation	<u>(1,249,404)</u>	<u>(1,217,791)</u>
Total	<u>\$ 269,160</u>	<u>\$ 273,266</u>

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$29,174 and \$38,928, respectively.

Note 4. Endowment Fund and Endowments

The LPO has an endowment with the Greater New Orleans Foundation (GNOF). In the statements of financial position, the interest in this endowment trust is \$1,100,097 and \$1,028,001 at June 30, 2024 and 2023, respectively. GNOF serves as the trustee of the trust. Distributions from the endowment trust were \$42,451 and \$41,725 for the periods ended June 30, 2024 and 2023, respectively.

The restricted net assets also consist of contributions received which are held in a savings account with a financial institution.

Composition of and changes in endowment net assets were as follows for the years ended June 30, 2024 and 2023:

June 30, 2024	GNOF Endowment	Other Donor Designated	Total Restricted
Restricted Endowment Net Assets, Beginning of Year	\$ 1,028,001	\$ 666,877	\$ 1,694,878
Distributions	(42,451)	-	(42,451)
Net Investment Return	114,547	-	114,547
Restricted Endowment Net Assets, End of Year	<u>\$ 1,100,097</u>	<u>\$ 666,877</u>	<u>\$ 1,766,974</u>

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 4. Endowment Fund and Endowments (Continued)

June 30, 2023	GNOF Endowment	Other Donor Designated	Total Restricted
Restricted Endowment Net Assets, Beginning of Year	\$ 994,471	\$ 666,877	\$ 1,661,348
Distributions	(41,725)	-	(41,725)
Net Investment Return	75,255	-	75,255
Restricted Endowment Net Assets, End of Year	<u>\$ 1,028,001</u>	<u>\$ 666,877</u>	<u>\$ 1,694,878</u>

The following is GNOF's policies for endowment funds.

GNOF follows a Total Return Spending Policy for its endowment funds and to determine the amount available for distributions. 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 2023 distributions is 4%. This percentage is evaluated each year and adjusted, as necessary.

The primary financial objective for GNOF 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, which is intended to meet this objective. GNOF has established a 5% real rate of return objective for GNOF'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.

Additionally, several endowments have been established at the GNOF for the benefit of the LPO over which GNOF has variance power. As discussed above, GNOF utilizes an endowment spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on the LPO's financial statements. As of June 30, 2024 and 2023, these endowments were valued at approximately \$2,225,951 and \$2,080,055, respectively. Distributions from these endowments, which are at the discretion of GNOF, were \$85,772 and \$84,278, respectively, during the years ended June 30, 2024 and 2023.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 5. Investments and Fair Value Measurement

The LPO follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Under this Topic, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities earned at fair value be classified and disclosed in one of the following three categories:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.
- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

A description of the valuation methodology used for assets measured at fair value is as follows:

- The fair value of the endowment fund is determined by the use of the calculated net asset value per ownership share.

The method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the LPO believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets measured at fair value could result in a different fair value measurement at the reporting date.

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Notes to Financial Statements

Note 5. Investments and Fair Value Measurement (Continued)

The valuation of the LPO's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 were as follows:

June 30, 2024	Total	Level 1	Level 2	Level 3
Investments				
Cash Equivalent	\$ 30,043	\$ 30,043	\$ -	\$ -
Endowment Trust	1,100,097	-	-	1,100,097
Total	\$ 1,130,140	\$ 30,043	\$ -	\$ 1,100,097

June 30, 2023	Total	Level 1	Level 2	Level 3
Investments				
Cash Equivalent	\$ 10,256	\$ 10,256	\$ -	\$ -
Endowment Trust	1,028,001	-	-	1,028,001
Total	\$ 1,038,257	\$ 10,256	\$ -	\$ 1,028,001

The changes in investments measured at fair value for which the LPO has used Level 3 inputs to determine fair value for the years ended June 30, 2024 and 2023 are as follows:

June 30, 2024	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Sales	Purchases	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Investments	\$ 1,028,001	\$ 114,547	\$ -	\$ -	\$ (42,451)	\$ 1,100,097
Total	\$ 1,028,001	\$ 114,547	\$ -	\$ -	\$ (42,451)	\$ 1,100,097

June 30, 2023	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Sales	Purchases	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Investments	\$ 994,471	\$ 75,255	\$ -	\$ -	\$ (41,725)	\$ 1,028,001
Total	\$ 994,471	\$ 75,255	\$ -	\$ -	\$ (41,725)	\$ 1,028,001

Note 6. Lines of Credit

The LPO has available a line of credit from a bank totaling \$840,000, bearing interest at a variable rate based on changes in the prime rate (9.00% and 8.75% at June 30, 2024 and 2023, respectively). This line of credit matured April 30, 2024 but an extension was granted. See Note 14 for further details. At June 30, 2024 and 2023, \$840,000 and \$750,000 was drawn against this line of credit. The line of credit is secured by the Musical and Theatrical Production Income Tax Credit from the State of Louisiana.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 6. Lines of Credit (Continued)

The LPO also has another available line of credit from a bank totaling \$840,000, bearing interest at a variable rate based on changes in the prime rate (9.50% at June 30, 2024). This line of credit matures June 19, 2025. At June 30, 2024, \$700,000 was drawn against this line. The line of credit is secured by the Musical and Theatrical Production Income Tax Credit from the State of Louisiana.

There were no amounts drawn against this line of credit as of June 30, 2023.

Note 7. Notes Payable

The LPO has a note payable with the Small Business Administration totaling \$150,000. This note is secured by equipment, receivables, and other assets and bears interest at 2.75%. Monthly payments of \$641 are due, with the final installment at maturity in May 2050. The monthly payments will first be applied to accrued interest and any remaining amounts will then be applied to principal. The principal balance of \$150,000 will be repaid at maturity of the note payable.

Note 8. Leases

The LPO leases office space, office furniture, and performance space under rental agreements for various monthly amounts over the term of the leases, ranging from \$154 to \$27,000, expiring in various years, with the latest being 2027.

Operating lease assets and obligations included in the accompanying statements of financial position as of June 30, 2024 and 2023 are as follows:

	2024	2023
Right-of-Use Assets Under Operating Leases	\$ 244,453	\$ 288,496
Lease Obligations Under Operating Leases	\$ 246,993	\$ 312,514

Maturities of lease obligations as of June 30, 2024 are as follows:

Year Ending June 30,	Amount
2025	\$ 213,846
2026	21,872
2027	17,772
Total Undiscounted Cash Flows	253,490
Less: Imputed Interest	(6,497)
Lease Obligations Under Operating Leases	\$ 246,993

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Notes to Financial Statements

Note 8. Leases (Continued)

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term operating leases at June 30, 2024 and 2023:

	2024	2023
Weighted Average Remaining Lease Term (in Years)	2.0	2.7
Weighted Average Discount Rate	3.29%	2.85%

The LPO recognized \$214,220 and \$180,220 in lease costs in rent on the accompanying statements of activities for each of the years ended June 30, 2024 and 2023, respectively.

The following summarizes the supplemental cash flow information related to operating leases recognized during the years ended June 30, 2024 and 2023 in the statements of cash flows:

	2024	2023
Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities (Operating Cash Flows)	\$ 214,220	\$ 180,220

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 have the following donor restrictions on them:

	2024	2023
Periods after June 30, Specific Programs and Purposes	\$ 35,000	\$ 65,000
	<u>1,702,975</u>	<u>1,727,924</u>
Total	<u>\$ 1,737,975</u>	<u>\$ 1,792,924</u>

Net assets with donor restrictions, which are restricted for periods after June 30, 2024 and 2023, consist of the unreleased amount of the grants received from the Gia Maione Prima Foundation.

Note 10. Pension Plan

The LPO participates in the American Federation of Musicians' and Employers' Pension Fund (the Fund). The Fund covers every orchestral musician employed by the LPO. Under the terms of the Fund, the LPO contributes 4.36% of base wages for the LPO employees and 4.36% of all wages of subs and extras for musical services (as described in the AFM's Wage Scale Book). The amount contributed to the Fund for the years ended June 30, 2024 and 2023 totaled \$37,209 and \$40,896, respectively.

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Notes to Financial Statements

Note 11. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The LPO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 12. Liquidity and Availability

The LPO regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are met utilizing the financial resources the LPO has available. In addition, the LPO operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024 and 2023:

	2024	2023
Cash and Cash Equivalents	\$ 258,055	\$ 431,235
Contributions Receivable, Net	152,337	137,638
State Tax Credit Receivable	1,813,433	1,255,514
Investments	2,229,681	870,924
Total	\$ 4,453,506	\$ 2,695,311

Note 13. State Tax Credit Receivable

Included with earned revenue for the years ended June 30, 2024 and 2023 is a total of \$1,000,000 and \$813,433, respectively, related to a musical and theatrical production tax credit for the State of Louisiana. The amount for the years ended June 30, 2024 and 2023 represents a calculated amount based on a cost report of live production expenditures produced by the LPO during the period from July 18, 2022 through October 6, 2024 and June 30, 2021 through June 30, 2023, respectively.

The cost report is required to be audited by an independent accounting firm. The audited cost report is subsequently submitted to the State of Louisiana (Louisiana Department of Economic Development) for certification. The audited cost report for the year ended June 30, 2024 has a cost report date of May 29, 2025.

THE LOUISIANA PHILHARMONIC ORCHESTRA

Notes to Financial Statements

Note 13. State Tax Credit Receivable (Continued)

As of June 30, 2024 and 2023, the total receivable relating to the tax credit was \$1,813,433 and \$1,255,514, respectively. These amounts represent the amounts recognized into revenue for the fiscal year, along with any uncollected amounts recognized in the prior fiscal year.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, January 12, 2026, and determined that the following events occurred that require disclosure:

Two new lease agreements were signed. The first has a term of September 1, 2024 through May 31, 2025. The second has a term of September 1, 2025 through May 31, 2035. They both have various rental payments due over the terms of the leases.

In April 2025, the LPO paid off the line of credit that had the \$840,000 balance at June 30, 2024.

In June 2025, the maturity date of the \$840,000 line of credit with a \$700,000 balance at June 30, 2024 was extended to September 19, 2025 and a further extension was granted, which made the maturity date December 19, 2025.

There were no other subsequent events occurring after January 12, 2026 that have been evaluated for inclusion in these financial statements.



**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**

Independent Auditor's Report

To the Board of Trustees and Members of
the Louisiana Philharmonic Orchestra:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Louisiana Philharmonic Orchestra (the LPO), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 January 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LPO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LPO's internal control. Accordingly, we do not express an opinion on the effectiveness of the LPO'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 LPO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2024-001.

Louisiana Philharmonic Orchestra's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the LPO's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The LPO's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 LPO'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 LPO'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 Louisiana Legislative Auditor as a public document.

Mauldin & Jenkins, LLC

Metairie, LA
January 12, 2026

THE LOUISIANA PHILHARMONIC ORCHESTRA
Schedule of Findings and Responses
For the Year Ended June 30, 2024

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None |
| 3. Noncompliance material to the financial statements noted? | Yes |

Federal Awards - Not applicable

Part II - Financial Statement Findings

2024-001 Late Audit Submission

- Criteria:* Louisiana Revised Statute 24:513 requires the audit report of local auditees to be completed within six months of the close of the local auditee's fiscal year.
- Condition:* The LPO failed to meet the 6 month requirement.
- Cause:* Turnover within the accounting department.
- Effect:* Noncompliance with LRS 24:513.
- Recommendation:* We recommend that management implement a plan to ensure timely reporting.
- Management's Response:* Management will institute such a plan.

Part III - Prior Year Financial Statement Findings

2023-001 Late Audit Submission

- Condition:* During the fiscal year ended June 30, 2023, the LPO failed to meet the 6 month requirement of filing their audited financial statements.
- Status:* This finding has not been corrected.

SUPPLEMENTARY INFORMATION

THE LOUISIANA PHILHARMONIC ORCHESTRA
Schedule of Compensation, Benefits, and Other Payments to
Agency Head
For the Year Ended June 30, 2024

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplementary report.

Agency Head
Anwar Nasir

Purpose	Compensation and Benefits Funded by use of Public Funds
Salary	\$0
Bonus	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Car Allowance (Lease, Insurance, Gasoline)	\$0
Vehicle Provided by LPO (Taxable Fringe Benefit) Amount Reported on W-2	\$0
Per Diem	\$0
Reimbursements (Electronic Devices)	\$0
Local Entertainment/Sales	\$0
Registration Fees	\$0
Conference/Sales Mission Travel	\$0
Local Transportation/Parking	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Dues and Subscriptions	\$0

* Compensation and Benefits for Agency Head were funded using private funds.

See independent auditor's report.