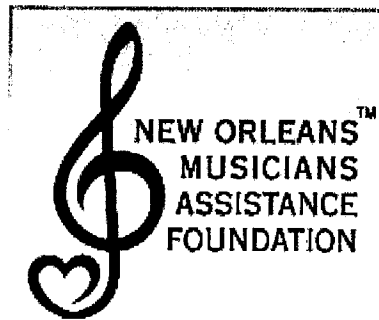


*Financial Report*

*New Orleans Musicians Assistance Foundation*

*December 31, 2010*



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
New Orleans Musicians Assistance Foundation,  
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of New Orleans Musicians Assistance Foundation (the "Foundation") (a nonprofit Foundation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated June 23, 2011 on our consideration of the Foundation's internal control over financial reporting and on our test 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 and should be considered in assessing the results of our audit.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 23, 2011.

**STATEMENT OF FINANCIAL POSITION****New Orleans Musicians Assistance Foundation**

December 31, 2010

<b>Assets</b>	
Cash	\$ 728,063
Certificates of deposit	304,568
Property and equipment, net of accumulated depreciation	<u>7,052</u>
Total assets	<u><u>\$ 1,039,683</u></u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	<u>\$ 29,118</u>
<b>Net Assets</b>	
Unrestricted	
Undesignated	844,142
Board designated	<u>10,000</u>
Total unrestricted	854,142
Temporary restricted	<u>156,423</u>
Total net assets	<u>1,010,565</u>
Total liabilities and net assets	<u><u>\$ 1,039,683</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****New Orleans Musicians Assistance Foundation**

For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenues and Support</b>			
Government grants	\$ 88,227	\$ 156,423	\$ 244,650
Contributions	360,993		360,993
In-kind support	733,284		733,284
Events/fundraising income	190,899		190,899
Private grants	5,000		5,000
Investment income	10,474		10,474
Miscellaneous income	1,447		1,447
	<hr/>	<hr/>	<hr/>
Total revenues and support	1,390,324	156,423	1,546,747
	<hr/>	<hr/>	<hr/>
<b>Net Assets Released From Restrictions</b>			
Expiration of time restrictions and program restrictions satisfied through payments	253,372	(253,372)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support and net assets released from restrictions	1,643,696	(96,949)	1,546,747
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Program services	1,010,682		1,010,682
Management and general	95,531		95,531
Fundraising	394,084		394,084
	<hr/>	<hr/>	<hr/>
Total expenses	1,500,297	-	1,500,297
	<hr/>	<hr/>	<hr/>
<b>Increase (Decrease) In Net Assets</b>	143,399	(96,949)	46,450
	<hr/>	<hr/>	<hr/>
<b>Net Assets</b>			
Beginning of year	710,743	253,372	964,115
	<hr/>	<hr/>	<hr/>
End of year	\$ 854,142	\$ 156,423	\$ 1,010,565
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****New Orleans Musicians Assistance Foundation**

For the year ended December 31, 2010

	Program Services	Support Services		Total
		Management	Fundraising	
Administrative and management services	\$ 161,325	\$ 60,497	\$ 181,491	\$ 403,313
Bank charges		568		568
Behavioral health care	27,055			27,055
Dental care	28,575			28,575
Depreciation		3,100		3,100
Development consulting and expenses			186,536	186,536
Emergency assistance	29,570			29,570
Gig fees	140,504			140,504
Grant expenses	24,141			24,141
Insurance		7,344		7,344
Interest reimbursement	111			111
Medical staff services	495,529			495,529
Medical supplies	954			954
Miscellaneous		793		793
Pharmacy expense	425			425
Postage and shipping	201	1,807		2,008
Printing and publications	187	1,679		1,866
Rent expense	100,078	12,509	12,509	125,096
Supplies	1,064	4,256	5,321	10,641
Telephone	963	963	2,889	4,815
Travel			3,323	3,323
Utilities		2,015	2,015	4,030
<b>Total expenses</b>	<b>\$ 1,010,682</b>	<b>\$ 95,531</b>	<b>\$ 394,084</b>	<b>\$ 1,500,297</b>

See notes to financial statements.

**STATEMENT OF CASH FLOWS****New Orleans Musicians Assistance Foundation**

For the year ended December 31, 2010

**Cash Flows From Operating Activities:**

Increase in net assets	\$ 46,450
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,100
Unrealized loss	3,923
Decrease in operating assets:	
Prepaid expenses	7,344
Decrease in operating liabilities:	
Accounts payable and accrued expenses	<u>(29,052)</u>
Total adjustments	<u>(14,685)</u>
Net cash provided by operating activities	<u>31,765</u>

**Cash Flows From Investing Activities:**

Purchase of certificates of deposit	(100,000)
Proceeds from redemption of certificate of deposit	<u>200,000</u>
Net cash provided by investing activities	<u>100,000</u>

**Net Increase in Cash**

131,765

**Cash**

Beginning of year	<u>596,298</u>
End of year	<u><u>\$ 728,063</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**New Orleans Musicians Assistance Foundation**

December 31, 2010

**Note 1 - NATURE OF ACTIVITIES**

New Orleans Musicians Assistance Foundation (the "Foundation") is a non-profit organization, incorporated on April 2, 2007 under the laws of the State of Louisiana, organized to sustain Louisiana's musicians in body, mind, and spirit by developing access to primary care, preventative health services, occupational and social outreach.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

**b. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The Foundation does not have any permanently restricted net assets as of December 31, 2010.

**c. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments available for current use, with an original maturity of less than three months from the acquisition date to be cash equivalents. The Foundation does not have any cash equivalents as of December 31, 2010.

**e. Investments**

Investments in certificates of deposit are measured at fair value in the Statement of Financial Position. Investment income or loss (including gains and losses on investments and interest) is included in the Statement of Activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

**f. Contributions and Revenue Recognition**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**g. Property and Equipment**

Property and equipment is recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for improvements, renewals, and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment have an estimated useful life of five years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

**h. Allocated Expenses**

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimates of the costs involved.

**i. In-kind Support**

During the year, the Foundation received in-kind support in the form of administrative, program development, and fundraising services from the president and vice president of the Board of Directors. In addition, the Foundation received donated medical staff services from physicians and therapists and

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. In-kind Support (Continued)**

free use of medical facilities and office space. The Foundation also received legal and accounting in-kind contributions. Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

**j. Income Taxes**

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501 (c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of December 31, 2010, the Foundation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2008 and later remain subject to examination by taxing authorities.

**k. Subsequent Events**

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 23, 2011, which is the date the financial statements were available to be issued.

**Note 3 - CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash and certificates of deposit accounts in several financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2010, the Foundation had approximately \$167,000 in excess of the insured limit.

**Note 4 - INVESTMENTS**

The Foundation's certificates of deposit as of December 31, 2010 are summarized below:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Certificates of deposit	<u>\$ 300,000</u>	<u>\$ 304,568</u>	<u>\$ 4,568</u>

**Note 4 - INVESTMENTS (Continued)**

	Cost	Market	Excess of Market Value Over Cost
Balances as of December 31, 2010	\$ 300,000	\$ 304,568	\$ 4,568
Balances as of December 31, 2009	\$ 400,000	\$ 408,491	8,491
Decrease in unrealized appreciation			\$ (3,923)

Investment return as of December 31, 2010 is summarized as follows:

Interest income	\$ 14,397
Net unrealized loss	(3,923)
Total investment income	\$ 10,474

**Note 5 - FAIR VALUE MEASUREMENTS**

Fair value concepts are applied in recording investments. A fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

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 Foundation uses the market approach for valuing certificates of deposit, which are within Level 1 of the fair value hierarchy. This 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 Foundation 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 financial instruments could result in a different fair value measurement at the reporting date.

**Note 5 - FAIR VALUE MEASUREMENTS (Continued)**

As of December 31, 2010, assets measured at fair value on a recurring basis are comprised of and determined as follows:

<u>Description</u>	<u>Total Assets Measured at Fair Value</u>	<u>Based on</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Certificates of deposit	<u>\$ 304,568</u>	<u>\$ 304,568</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 6 - PROPERTY AND EQUIPMENT**

Property and equipment includes the following as of December 31, 2010:

Computer equipment	\$ 13,317
Furniture and fixtures	2,183
	<u>15,500</u>
Less: accumulated depreciation	<u>(8,448)</u>
Net property and equipment	<u>\$ 7,052</u>

Depreciation for the year ended December 31, 2010 was \$3,100.

**Note 7 - BOARD DESIGNATED NET ASSETS**

The Board designated \$10,000 of unrestricted net assets as an emergency assistance fund.

**Note 8 - RESTRICTION ON ASSETS**

The Foundation had temporary restricted net assets of \$156,423 as of December 31, 2010 which consists of state grants restricted for a specific purpose.

**Note 9 - GRANTS**

The Foundation and the Louisiana Department of Health and Hospitals ("LDNI") have an agreement to provide services, funded by the Primary Care Access and Stabilization Grant program. The funding was made available to provide medical services to local residents, marketed to musicians, and to help ensure the capability of the health care infrastructure in New Orleans. Management believes that the Foundation is in compliance with the provisions of the grant agreement and that the findings of an audit performed by LDNI, if any, would not have a material impact on the financial statements.

**Note 9 - GRANTS (Continued)**

For the year ended December 31, 2010, the Foundation received \$ 244,650 of grant funding from the Louisiana Department of Health and Hospitals. Funding received from the Primary Care Access and Stabilization Grant ("PCASG") totaled \$88,227 and the Greater New Orleans Community Health Connection Urgent Sustainability Payments totaled \$156,423. Funding received from these grants was approximately 30% of revenue (excluding in-kind support) for the year ended December 31, 2010. All funding from the PCASG is required to be maintained in a separate bank account.

**Note 10 - IN-KIND SUPPORT**

The fair value of in-kind support and the corresponding expenses for the year ended December 31, 2010 are as follows:

Administrative and management fees	\$ 137,273
Development and consulting expenses	109,500
Gig fees from related parties	36,000
Medical facility rent	95,950
Medical staff services	236,967
Professional fees	<u>117,594</u>
Total	<u>\$ 733,284</u>

The President and Vice President of the Board of Directors work substantially full time for the Foundation without compensation. The value of the services provided by them during 2010 was \$345,000, which is included above as administrative and management fees, development and consulting expenses, and medical staff services.

**Note 11 - LEASE COMMITMENT**

The Foundation leases its office space from a related party under a one year operating lease agreement that began on August 1, 2009 and was renewed on August 1, 2010. Monthly lease payments are \$2,429 and future minimum payments under this operating lease total \$17,003. Rent expense totaled \$125,096 for the year ended December 31, 2010, including \$95,950 of in-kind rent.

**Note 12 - CONSULTING AGREEMENTS**

**a. Medical Services**

The Foundation has contractual agreements with several network providers to provide various medical services to musicians and others served by the Foundation. The agreements are renewed on an annual basis.

**b. Administrative Services**

The Foundation has contracted with various individuals to provide administrative and clerical services. The contractual agreements are renewed on an annual basis.