Financial Report

New Orleans Musicians Assistance Foundation

December 31, 2020

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

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December 31, 2020

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New Orleans, Louisiana

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Orleans Musicians Assistance Foundation (the "Foundation") (a not-for-profit Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 21, 2021.

Exhibit A

STATEMENT OF FINANCIAL POSITION

New Orleans Musicians Assistance Foundation

New Orleans, Louisiana

December 31, 2020

Assets	
Cash and cash equivalents	$ 515,277
Investments	1,419,090
Prepaid expenses	12,616
Property and equipment, net	4,597
Total assets	$ 1,951,580
Liabilities	
Accounts payable and accrued expenses	$ 44,883
Paycheck Protection Program loan payable	22,300
Total liabilities	67,183
Net Assets	
Without donor restrictions	1,884,397
Total liabilities and net assets	$ 1,951,580

See notes to financial statements.

Exhibit B

STATEMENT OF ACTIVITIES

New Orleans Musicians Assistance Foundation

New Orleans, Louisiana

For the year ended December 31, 2020

Revenues and Support	
Contributions	$ 840,069
In-kind support	2,237,036
Private grants	289,856
Investment income	167,940
Special fundraising event	12,504
Miscellaneous income	5,044
Total revenues and support	3,552,449
Expenses	
Community Health Outreach	2,362,858
Clinical medical services	679,895
Management and general	98,020
Resource development	121,865
Total expenses	3,262,638
Increase in Net Assets	289,811
Net Assets	
Beginning of year	1,594,586
End of year	$ 1,884,397

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2020

	Program Services		
	Community Health Outreach	Clinical Medical Services	Total Program Services
Advertising/promotional	$ 3,057	$ -	$ 3,057
Bank charges	-	-	-
Donor, musician/patient, and provider outreach	16,377	2,589	18,966
Dues and subscriptions	1,107	-	1,107
Emergency assistance	2,205	31,501	33,706
Equipment	125	812	937
Graphics design and web	1,908	1,078	2,986
Insurance	-	2,287	2,287
IT and communications	7,758	1,729	9,487
Medical services	12,035	404,784	416,819
Personnel costs	96,246	55,101	151,347
Postage and shipping	152	-	152
Professional fees	144,490	87,579	232,069
Rent expense	71,862	87,104	158,966
Repair and maintenance expense	21	-	21
Supplies expense	12,889	1,334	14,223
Transportation/travel expenses	935	3,857	4,792
Utilities	2,104	140	2,244
Food assistance and supplies	1,989,587	-	1,989,587
Total expenses before depreciation	2,362,858	679,895	3,042,753
Depreciation	-	-	-
Total expenses	$2,362,858	$679,895	$3,042,753

See notes to financial statements.

Exhibit C

Supporting Services			
Management and General	Fundraising (Resource Development)	Total Supporting Services	Totals
$ -	$ 1,492	$ 1,492	$ 4,549
9,068	58	9,126	9,126
798	3,347	4,145	23,111
815	4,286	5,101	6,208
-	-	-	33,706
1,625	812	2,437	3,374
1,078	5,021	6,099	9,085
11,923	-	11,923	14,210
3,932	696	4,628	14,115
609	-	609	417,428
23,613	55,891	79,504	230,851
119	2,396	2,515	2,667
27,067	38,980	66,047	298,116
11,290	7,527	18,817	177,783
1,178	-	1,178	1,199
891	1,081	1,972	16,195
67	48	115	4,907
3,144	230	3,374	5,618
-	-	-	1,989,587
97,217	121,865	219,082	3,261,835
803	-	803	803
$98,020	$121,865	$219,885	$3,262,638

Exhibit D

STATEMENT OF CASH FLOWS

New Orleans Musicians Assistance Foundation

New Orleans, Louisiana

For the year ended December 31, 2020

Cash Flows From Operating Activities	
Increase in net assets	$289,811
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	803
Net realized and unrealized gains on investments	(148,127)
Increase in operating assets:	
Prepaid expenses	(694)
Decrease in operating liabilities:	
Accounts payable and accrued expenses	(32,001)
Total adjustments	(180,019)
Net cash provided by operating activities	109,792
Cash Flows From Investing Activities	
Proceeds from maturities and sales of investments	373,919
Investment purchases	(395,304)
Purchase of property and equipment	(2,838)
Net cash used in investing activities	(24,223)
Cash Flows From Financing Activities	
New borrowing - Paycheck Protection Program loan	22,300
Net Increase in Cash and Cash Equivalents	107,869
Cash and Cash Equivalents	
Beginning of year	407,408
End of year	$515,277

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

New Orleans Musicians Assistance Foundation

New Orleans, Louisiana

December 31, 2020

Note 1 - NATURE OF ACTIVITIES

New Orleans Musicians Assistance Foundation (the "Foundation") is a not-for-profit Foundation, incorporated on April 2, 2007 under the laws of the State of Louisiana. The mission of the Foundation is to keep music alive by sustaining New Orleans musicians and tradition bearers in body, mind, and spirit. The Foundation does this through providing access to health and social services through the New Orleans Musicians' Clinic (NOMC), regardless of patients' ability to pay, and by fostering cultural opportunities that advocate for and support this effort.

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:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - 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, or net assets that are maintained in perpetuity by the Foundation and not to be expended.

The Foundation does not have any net assets with donor restrictions as of December 31, 2020.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 three months or less to be cash equivalents.

e. Investments

Investments in common stock, corporate bonds, and mutual funds 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 net assets without donor restrictions unless the income is restricted by donor or law.

f. 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. Acquisitions of property and equipment in excess of $500 and all expenditures for improvements, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment items have estimated useful lives of three to 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.

g. Contributions and Revenue Recognition

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Contributions and Revenue Recognition (Continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

h. Functional Allocation of Expenses

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses. Some expenses are unable to be directly allocated to one of the programs or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: Personnel costs which are allocated on the basis of estimates of time and effort and expenses related to special events held during the year are allocated based on the percentage of direct costs. The remaining expenses are specifically identified based on the expense incurred.

i. In-kind Support

During the year ended December 31, 2020, the Foundation received in-kind support in the form of administrative, program development, and resource development services from the president and vice president of the Board of Directors. In addition, the Foundation received donated food and supplies, medical staff services from physicians and therapists, and free use of medical facilities and office space. 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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Income Taxes (Continued)

will not be sustained upon examination. As of December 31, 2020, management of 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, 2017 and later remain subject to examination by taxing authorities.

k. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

l. 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 21, 2021, 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 (FDIC) up to $250,000. As of December 31, 2020, the Foundation had approximately $104,000 of cash balances in excess of the insured limits.

Note 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation is substantially supported by contributions and grants. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The following table represents financial assets available for general expenditures within one year as of December 31, 2020:

Financial assets:	
Cash and cash equivalents	$ 515,277
Investments	1,419,090
Total financial assets available to meet general expenditures within one year	$1,934,367

Note 5 - INVESTMENTS

The Foundation's investments as of December 31, 2020 are summarized below:

	Cost	Market	Excess of Market Over Cost (Cost Over Market)
Common stock	$ 572,738	$ 757,188	$184,450
Corporate bonds	518,017	560,661	42,644
Mutual funds	101,652	101,241	(411)
	$1,192,407	$1,419,090	$226,683

	Cost	Market	Excess of Market Over Cost
Balances as of December 31, 2020	$1,192,407	$1,419,090	$226,683
Balances as of December 31, 2019	$1,155,163	$1,249,578	94,415
Increase in unrealized appreciation			$132,268

Note 5 - INVESTMENTS (Continued)

Investment return for the year ended December 31, 2020 is summarized as follows:

Interest and dividends	$ 28,496
Realized gain	15,859
Unrealized gain	132,268
Investment expenses	(8,683)
Net investment income	$ 167,940

Note 6 - 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 common stock and corporate bonds, which is within Level 1 of the fair value hierarchy.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset values (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. These are included in 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 6 - FAIR VALUE MEASUREMENTS (Continued)

As of December 31, 2020, assets measured at fair value on a recurring basis are comprised of and determined as follows:

		Based on		
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stock	$ 757,188	$ 757,188	$ -	$ -
Corporate bonds	560,661	560,661	-	-
Mutual funds	101,241	101,241	-	-
	$1,419,090	$1,419,090	$ -	$ -

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment includes the following as of December 31, 2020:

Computer equipment	$ 11,759
Furniture and fixtures	3,588
	15,347
Less: accumulated depreciation	(10,750)
Net property and equipment	$ 4,597

Depreciation for the year ended December 31, 2020 was $803.

Note 8 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On May 8, 2020, the Foundation received a $22,300 loan from Iberia Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). The loan has been forgiven (repaid by SBA) as of May 28, 2021.

Note 9 - IN-KIND SUPPORT

The fair values of in-kind support and the corresponding expenses for the year ended December 31, 2020 are as follows:

<u>Support</u>	
Administrative and management fees	$ 7,890
Resource development	1,944
Community Health Outreach	46,718
Food assistance and supplies	1,729,430
Medical facility occupancy	81,400
Other facility occupancy	44,955
Medical staff services	113,955
Personnel costs	849
Professional fees	209,895
Total	$2,237,036
<u>Expenses</u>	
Donor, musician/patient, and provider outreach:	
Community Health Outreach	$1,729,430
Equipment in-kind:	
Community Health Outreach	7,080
Clinical medical services	200
Management and General	602
Medical services:	
Community Health Outreach	4,955
Clinical medical services	112,858
Professional fees:	
Community Health Outreach	134,226
Clinical medical services	76,013
Management and general	15,140
Fundraising	27,877
Rent expense:	
Community Health Outreach	35,016
Clinical medical services	84,648
Management and general	5,395
Fundraising	3,596
Total	$2,237,036

Note 9 - IN-KIND SUPPORT (Continued)

Community Health Outreach	$1,910,707
Clinical medical expenses	273,719
Management and general	21,137
Fundraising	31,473
Total	$2,237,036

Two members of the four member Executive Committee of the Foundation's Board of Directors work substantially full time for the Foundation without compensation, and one member of the Board of Directors serves as the NOMC medical director without compensation. The value of the services provided by them during the year ended December 31, 2020 was approximately $200,000, which is included in in-kind support as medical staff services, administrative and management fees, and resource development.

Note 10 - LEASE COMMITMENT

The Foundation leases its office space from a related party under a one year cancellable operating lease agreement. The lease was renewed for an additional year beginning on August 1, 2020. Monthly lease payments for the prior one year lease and the current lease are $4,094. The total lease payments for 2020 totaled $49,128. Future minimum payments under this operating lease total $28,658. Rent expense for this lease and several donated spaces totaled $177,783 for the year ended December 31, 2020, including $119,664 of in-kind rent.

Note 11 - 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.