

Financial Report

New Orleans Musicians Assistance Foundation

December 31, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of New Orleans Musicians Assistance Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Foundation 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 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 generally accepted 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, including omissions, 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 generally accepted 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 Foundation'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 Foundation'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.



Certified Public Accountants.

New Orleans, Louisiana,
August 26, 2022.

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

December 31, 2021

Assets

Cash and cash equivalents	\$ 647,378
Investments	1,967,548
Prepaid expenses	2,103
Property and equipment, net	<u>8,490</u>

Total assets	<u><u>\$ 2,625,519</u></u>
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Liabilities

Accounts payable and accrued expenses	<u>\$ 65,650</u>
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Net Assets

Without donor restrictions	<u>2,559,869</u>
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Total liabilities and net assets	<u><u>\$ 2,625,519</u></u>
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See notes to financial statements.

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

For the year ended December 31, 2021

Revenues and Support

Contributions	\$ 697,747
In-kind support	1,022,664
Private grants	636,844
Investment income	200,316
Special fundraising event	27,970
Paycheck Protection Program loan forgiveness	22,300
Miscellaneous revenue	4,667

Total revenues and support	<u>2,612,508</u>
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Expenses

Community Health Outreach	703,115
Clinical medical services	906,615
Management and general	134,916
Resource development	192,390

Total expenses	<u>1,937,036</u>
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Increase in Net Assets	675,472
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Net Assets

Beginning of year	<u>1,884,397</u>
End of year	<u><u>\$ 2,559,869</u></u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

New Orleans Musicians Assistance Foundation New Orleans, Louisiana

For the year ended December 31, 2021

	Program Services		
	Community Health Outreach	Clinical Medical Services	Total Program Services
Advertising/promotional	\$ 6,335	\$ -	\$ 6,335
Bank charges	-	-	-
Donor, musician/patient, and provider outreach	125,585	16,453	142,038
Dues and subscriptions	148	89	237
Emergency assistance	2,367	85,858	88,225
Graphics design and web	2,659	-	2,659
Insurance	-	-	-
IT and communications	16,338	2,291	18,629
Professional fees	125,415	93,639	219,054
Medical services	1,738	538,277	540,015
Personnel costs	177,137	78,045	255,182
Postage and shipping	194	-	194
Printing and publications	2,098	-	2,098
Rent expense	92,192	88,182	180,374
Repair and maintenance expense	116	-	116
Supplies expense	139,504	912	140,416
Transportation/travel expenses	1,406	2,618	4,024
Utilities	9,883	251	10,134
 Total expenses before depreciation	 703,115	 906,615	 1,609,730
 Depreciation	 -	 -	 -
 Total expenses	 <u>\$703,115</u>	 <u>\$906,615</u>	 <u>\$1,609,730</u>

See notes to financial statements.

Management and General	Supporting Services		Totals
	Fundraising (Resource Development)	Total Supporting Services	
\$ -	\$ 4,670	\$ 4,670	\$ 11,005
13,039	-	13,039	13,039
1,137	9,682	10,819	152,857
753	2,491	3,244	3,481
-	-	-	88,225
-	13,662	13,662	16,321
10,775	-	10,775	10,775
48	7,441	7,489	26,118
14,925	19,093	34,018	253,072
305	116	421	540,436
75,185	99,270	174,455	429,637
136	6,548	6,684	6,878
101	101	202	2,300
11,032	27,335	38,367	218,741
1,769	-	1,769	1,885
2,449	830	3,279	143,695
84	148	232	4,256
909	1,003	1,912	12,046
132,647	192,390	325,037	1,934,767
2,269	-	2,269	2,269
<u>\$134,916</u>	<u>\$192,390</u>	<u>\$327,306</u>	<u>\$1,937,036</u>

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

For the year ended December 31, 2021

Cash Flows From Operating Activities

Increase in net assets	\$ 675,472
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,269
Net realized and unrealized gains on investments	(164,872)
Donation of investment securities	(448,458)
Paycheck Protection Program loan forgiveness	(22,300)
Increase in operating assets:	
Prepaid expenses	10,513
Increase in operating liabilities:	
Accounts payable and accrued expenses	20,767
Total adjustments	(602,081)
Net cash provided by operating activities	73,391

Cash Flows From Investing Activities

Proceeds from maturities and sales of investments	606,379
Investment purchases	(541,507)
Purchase of property and equipment	(6,162)
Net cash provided by investing activities	58,710

Net Increase in Cash and Cash Equivalents	132,101
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Cash and Cash Equivalents

Beginning of year	515,277
End of year	\$ 647,378

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**New Orleans Musicians Assistance Foundation**
New Orleans, Louisiana

December 31, 2021

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, 2021.

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, 2021, 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, 2021, 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, 2018 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.

In November 2021, the FASB issued ASU No. 2021-09, "*Leases*" (Topic 842) "*Discount Rate for Lessees That Are Not Public Business Entities*" (ASU No. 2021-09). This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Recently Issued Accounting Standards (Continued)

Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU is effective for fiscal years beginning after June 15, 2022. 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 August 26, 2022, 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, 2021, the Foundation had approximately \$46,000 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.

Note 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table represents financial assets available for general expenditures within one year as of December 31, 2021:

Financial assets:	
Cash and cash equivalents	\$ 647,378
Investments	<u>1,967,548</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 2,614,926</u></u>

Note 5 - INVESTMENTS

The Foundation's investments as of December 31, 2021 are summarized below:

	<u>Cost</u>	<u>Market</u>	<u>Excess of Market Over Cost (Cost Over Market)</u>
Common stock	\$ 904,207	\$ 1,213,660	\$ 309,453
Corporate bonds	536,523	551,364	14,841
Mutual funds	<u>222,736</u>	<u>202,524</u>	<u>(20,212)</u>
	<u>\$ 1,663,466</u>	<u>\$ 1,967,548</u>	<u>\$ 304,082</u>
	<u>Cost</u>	<u>Market</u>	<u>Excess of Market Over Cost</u>
Balances as of December 31, 2021	<u>\$ 1,663,466</u>	<u>\$ 1,967,548</u>	\$ 304,082
Balances as of December 31, 2020	<u>\$ 1,192,407</u>	<u>\$ 1,419,090</u>	226,683
Increase in unrealized appreciation			<u>\$ 77,399</u>

Note 5 - INVESTMENTS (Continued)

Investment return for the year ended December 31, 2021 is summarized as follows:

Interest and dividends	\$ 35,444
Realized gain	87,473
Unrealized gain	77,399
Investment expenses	<u>-</u>
Net investment income	<u>\$ 200,316</u>

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.

The methods described above 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, 2021, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stock	\$ 1,213,660	\$ 1,213,660	\$ -	\$ -
Corporate bonds	551,364	551,364	-	-
Mutual funds	202,524	202,524	-	-
	<u>\$ 1,967,548</u>	<u>\$ 1,967,548</u>	<u>\$ -</u>	<u>\$ -</u>

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment includes the following as of December 31, 2021:

Computer equipment	\$ 17,921
Furniture and fixtures	<u>3,588</u>
	21,509
Less: accumulated depreciation	<u>(13,019)</u>
Net property and equipment	<u>\$ 8,490</u>

Depreciation for the year ended December 31, 2021 was \$2,269.

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, and is reported as revenue on the Statement of Activities.

Note 9 - IN-KIND SUPPORT

The fair values of in-kind support and the corresponding expenses for the year ended December 31, 2021 are as follows:

<u>Support</u>	
Administrative and management fees	\$ 6,391
Resource development	31,801
Community Health Outreach	<u>536,014</u>
	574,206
Donated investment securities	<u>448,458</u>
Total	<u>\$ 1,022,664</u>
<u>Expenses</u>	
Donor, musician/patient, and provider outreach:	
Community Health Outreach	\$ 58,890
Clinical medical services	(152)
Management and general	(152)
Fundraising	1,914
Equipment in-kind:	
Community Health Outreach	1,738
Clinical medical services	1,053
Management and general	305
Fundraising	116
Medical services:	
Community Health Outreach	-
Clinical medical services	158,500
Professional fees:	
Community Health Outreach	112,799
Clinical medical services	81,203
Management and general	1,593
Fundraising	6,694
Rent expense:	
Community Health Outreach	36,462
Clinical medical services	85,521
Management and general	4,645
Fundraising	<u>23,077</u>
Total	<u>\$ 574,206</u>

Note 9 - IN-KIND SUPPORT (Continued)

Community Health Outreach	\$ 209,890
Clinical medical expenses	326,124
Management and general	6,391
Fundraising	<u>31,801</u>
Total	<u>\$ 574,206</u>

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, 2021 was approximately \$155,000, 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, 2021. Monthly lease payments for the prior one year lease and the current lease are \$4,094. The total lease payments for 2021 totaled \$49,128. Future minimum payments under this operating lease total \$28,658. Additionally, the Foundation leased three temporary spaces during 2021, one of which extends to June 30, 2022. The total lease payments for these temporary spaces totals \$15,739. Future minimum payments for the temporary spaces totals \$1,200. Rent expense for these leases and several donated spaces totaled \$218,741 for the year ended December 31, 2021, including \$149,705 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.