

EISNERAMPER

**NEW ORLEANS JAZZ & HERITAGE
FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA**

FINANCIAL STATEMENTS

AUGUST 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Orleans Jazz & Heritage Festival and Foundation, Inc.
New Orleans, Louisiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of New Orleans Jazz & Heritage Festival and Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of August 31, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' 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.

Prior Period Financial Statements

The financial statements of the Foundation for the year ended August 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on February 27, 2023.

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.

Auditors' 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 auditors' 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 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 generally accepted auditing standards 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Foundation'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 Foundation's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
February 23, 2024



NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,207,235	\$ 6,047,900
Receivables from sponsors, vendors, and miscellaneous	580,456	1,073,851
Investments	29,396,622	27,166,221
Jazznet Program investments	510,413	555,105
Prepaid expenses and other assets	364,278	252,102
Art collection	694,051	694,051
Property and equipment, net	6,279,117	6,565,373
<u>TOTAL ASSETS</u>	<u>\$ 45,032,172</u>	<u>\$ 42,354,603</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Accounts payable	\$ 2,252,009	\$ 1,986,261
Advance on future festival revenues	1,251,400	-
Deferred revenue	72,800	97,800
Ticket refunds due	-	1,301,630
<u>TOTAL LIABILITIES</u>	<u>3,576,209</u>	<u>3,385,691</u>
Without donor restrictions		
Board designated	10,159,858	10,143,641
Undesignated	30,441,659	27,928,265
<u>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	<u>40,601,517</u>	<u>38,071,906</u>
With donor restrictions	854,446	897,006
<u>TOTAL NET ASSETS</u>	<u>41,455,963</u>	<u>38,968,912</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 45,032,172</u>	<u>\$ 42,354,603</u>

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

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>						
Festival revenues	\$ 50,156,075	\$ -	\$ 50,156,075	\$ 46,528,304	\$ -	\$ 46,528,304
In-kind Festival donations	564,179	-	564,179	2,030,327	-	2,030,327
Less expenses	(45,409,324)	-	(45,409,324)	(45,102,120)	-	(45,102,120)
Festival - net revenues	5,310,930	-	5,310,930	3,456,511	-	3,456,511
Foundation Gala (net of expenses of \$295,481 in 2023 and \$218,163 in 2022)	60,999	-	60,999	150,731	-	150,731
Other festivals revenues	231,665	-	231,665	106,792	-	106,792
Federal grant	-	-	-	3,376,943	-	3,376,943
Grants/contributions	749,048	2,132	751,180	1,526,500	1,531,877	3,058,377
Investment income (loss), net	2,156,888	11,858	2,168,746	(4,374,177)	28,627	(4,345,550)
Membership	49,475	-	49,475	13,535	-	13,535
Insurance proceeds	950,000	-	950,000	-	-	-
Miscellaneous	284,347	-	284,347	258,646	-	258,646
Total net revenues	9,793,352	13,990	9,807,342	4,515,481	1,560,504	6,075,985
Net assets released from restrictions	56,550	(56,550)	-	1,674,054	(1,674,054)	-
Total revenues and other support	9,849,902	(42,560)	9,807,342	6,189,535	(113,550)	6,075,985
<u>EXPENSES</u>						
Budgeted programs	2,119,993	-	2,119,993	3,505,234	-	3,505,234
Special programs	1,102,393	-	1,102,393	838,658	-	838,658
Administrative expenses	875,436	-	875,436	910,765	-	910,765
Operating expenses	1,275,150	-	1,275,150	980,500	-	980,500
Salaries and benefits	1,947,319	-	1,947,319	1,639,700	-	1,639,700
Total expenses	7,320,291	-	7,320,291	7,874,857	-	7,874,857
Change in net assets	2,529,611	(42,560)	2,487,051	(1,685,322)	(113,550)	(1,798,872)
<u>NET ASSETS, BEGINNING OF YEAR</u>	38,071,906	897,006	38,968,912	39,757,228	1,010,556	40,767,784
<u>NET ASSETS, END OF YEAR</u>	\$ 40,601,517	\$ 854,446	\$ 41,455,963	\$ 38,071,906	\$ 897,006	\$ 38,968,912

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

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

	Program Services	Management and General	Fundraising	Total Expenses
Artist / talent	\$ 18,885,448	\$ -	\$ 42,100	\$ 18,927,548
Salaries and wages	6,189,909	495,775	129,145	6,814,829
Professional fees	9,717,070	221,338	20,361	9,958,769
Grants and other assistance	2,117,917	-	-	2,117,917
Insurance	2,526,227	82,133	431	2,608,791
Office expenses	236,142	62,812	33,147	332,101
Advertising and promotion	625,695	5,195	1,673	632,563
Depreciation	555,506	137,642	-	693,148
Occupancy	445,840	66,721	8,043	520,604
Employee benefits	395,074	51,497	10,429	457,000
Payroll taxes	476,410	39,945	8,069	524,424
Travel	719,960	3,985	5,408	729,353
Direct cost - catering / merchandise cost of goods sold	10,951	-	220,525	231,476
Information technology	83,742	7,736	2,192	93,670
Legal fees	218,928	123,856	250	343,034
Royalties	152,930	-	-	152,930
Accounting fees	35,175	25,400	3,175	63,750
Conferences, conventions, and meetings	1,942	7,140	2,757	11,839
Training and development	1,876	3,950	3,000	8,826
Other expenses:				
Festival expenses	7,676,190	7,551	34,656	7,718,397
Program expenses	84,127	-	-	84,127
Total expenses by function	<u>\$ 51,157,059</u>	<u>\$ 1,342,676</u>	<u>\$ 525,361</u>	<u>\$ 53,025,096</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Festival expenses				(45,409,324)
Gala expenses				(295,481)
Total expenses included in the expense section on the statement of activities and changes in net assets				<u>\$ 7,320,291</u>

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Artist / talent	\$ 18,524,348	\$ -	\$ 19,100	\$ 18,543,448
Salaries and wages	5,041,468	480,773	95,044	5,617,285
Professional fees	9,519,190	204,960	20,834	9,744,984
Grants and other assistance	3,679,716	-	-	3,679,716
Insurance	2,005,452	126,102	714	2,132,268
Office expenses	215,159	47,239	20,522	282,920
Advertising and promotion	510,406	8,627	165	519,198
Depreciation	570,124	67,324	-	637,448
Occupancy	565,638	100,326	9,000	674,964
Employee benefits	363,352	39,932	12,076	415,360
Payroll taxes	388,797	37,573	7,227	433,597
Travel	563,048	-	33	563,081
Direct cost - catering / merchandise cost of goods sold	-	-	171,758	171,758
Information technology	45,016	6,467	-	51,483
Legal fees	21,732	129,531	-	151,263
Royalties	146,223	-	-	146,223
Accounting fees	-	38,385	-	38,385
Conferences, conventions, and meetings	556	1,060	-	1,616
Training and development	2,205	963	185	3,353
Other expenses:				
Festival expenses	9,306,245	40,147	-	9,346,392
Program expenses	40,133	-	265	40,398
Total expenses by function	<u>\$ 51,508,808</u>	<u>\$ 1,329,409</u>	<u>\$ 356,923</u>	<u>\$ 53,195,140</u>
Less expenses included with revenues on the statement of activities and changes in net assets				
Festival expenses				(45,102,120)
Gala expenses				(218,163)
Total expenses included in the expense section on the statement of activities and changes in net assets				<u>\$ 7,874,857</u>

The accompanying notes are an integral part of this financial statement.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,487,051	\$ (1,798,872)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized losses (gains) on investments	(1,595,162)	6,639,830
Depreciation	693,148	637,448
Decrease (increase) in assets:		
Receivables from sponsors, vendors, and miscellaneous	493,395	(291,479)
Prepaid expenses and other assets	(112,176)	319,132
Increase (decrease) in liabilities:		
Accounts payable	265,748	(266,315)
Ticket refunds due	(1,301,630)	1,301,630
Deferred revenue	(25,000)	(8,106,144)
Advance on future festival revenues	1,251,400	(1,251,400)
Refundable advance - federal grant	-	(3,376,943)
Net cash provided by (used in) operating activities	<u>2,156,774</u>	<u>(6,193,113)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(406,892)	(18,083)
Purchases of investments	(7,199,672)	(13,109,430)
Proceeds from sales of investments	<u>6,609,125</u>	<u>11,504,316</u>
Net cash used in investing activities	<u>(997,439)</u>	<u>(1,623,197)</u>
Net change in cash and cash equivalents	1,159,335	(7,816,310)
<u>CASH AND CASH EQUIVALENTS</u>		
Cash and cash equivalents, beginning of year	<u>6,047,900</u>	<u>13,864,210</u>
Cash and cash equivalents, end of year	<u>\$ 7,207,235</u>	<u>\$ 6,047,900</u>

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

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

1. Nature of Activities

New Orleans Jazz & Heritage Festival and Foundation, Inc. (the "Foundation") is a nonprofit organization located in New Orleans, Louisiana. The primary purpose of the Foundation is the promotion of New Orleans jazz and Louisiana heritage. The Foundation fulfills its purpose by producing the New Orleans Jazz & Heritage Festival (the "Festival") on an annual basis. The Festival is also the major source of funding for the Foundation's operations throughout the year.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

Net assets and revenues 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 available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board of directors has designated a portion of net assets from net assets without donor restrictions for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other actions by the Foundation. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the principal not be expended, but rather to provide a permanent source of income for the Foundation's programs. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments in money market funds and investments with original maturities of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Foundation uses the reserve method to recognize uncollectible accounts. The allowance for doubtful accounts is based on management's analysis of delinquent accounts receivable. No allowance was deemed necessary by management as of August 31, 2023 or 2022.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

2. Summary of Significant Accounting Policies (continued)

Promises to Give

Contributions are recognized when the donor makes an unconditional pledge to the Foundation. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are recognized as assets, less an allowance for uncollectible amounts (if necessary), and revenues. A promise to give to be made over several years is discounted to net present value.

Investments

Investments are carried at fair value, based on quoted market prices. Investments acquired through donations are recorded at fair value on the date of donation.

Investment income or losses, including realized and unrealized gains or losses, is recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Realized gains and losses on the sales of securities are determined using the specific-identification method.

Jazznet Program Investments

The Jazznet Program Fund is an investment account comprised of mutual funds carried at fair market value based on quoted market prices. This fund is accounted for separately to hold contributions which are donor restricted for the Jazznet Program.

Property and Equipment

The Foundation records all asset acquisitions at cost, except for assets donated to the Foundation. Donated assets are recorded at appraised value as of the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Repairs and maintenance are charged to expense as incurred. Major renewals, replacements, and betterments are capitalized and amortized over the remaining life of the asset.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Property and equipment are depreciated using the straight-line method over the estimated useful lives shown below:

<u>Classification</u>	<u>Life in Years</u>
Buildings and improvements	15 - 39
Furniture and fixtures	5 - 10
Equipment	3 - 10

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than carrying value. For the years ended August 31, 2023 and 2022, there was no impairment charge recorded.

Art Collection

The Foundation purchased several works of art that are carried in the accompanying financial statements at cost. The Foundation does not record depreciation on the art collection, as depreciation is not required to be recognized under GAAP on individual works of art or historical treasures whose economic benefit or service potential is used up so slowly that their estimated useful lives are extraordinarily long.

Grants / Contributions and Revenue Recognition, and Deferred Revenues

Festival and gala ticket revenue is recognized when the event takes place. Festival concessions and merchandise revenue is recognized at the time of sale. Contributions, both festival and gala related and for general purposes, are recognized when cash, securities, or other assets or an unconditional promise to give is received. Grant revenue is recognized when the Foundation has a right to reimbursement under the grant, generally corresponding to the incurring of grant-related expenses by the Foundation, or when earned under the terms of the grant. Membership revenue is recognized upon receipt.

In addition to cash contributions received from the various sponsors, certain goods and services were also received at no cost to the Foundation to support various programs. The Foundation records the in-kind value of these goods and services contributed as revenue at their estimated fair value on the date of receipt and related expenses when utilized.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

2. Summary of Significant Accounting Policies (continued)

Grants / Contributions and Revenue Recognition, and Deferred Revenues (continued)

As the April 2021 and 2020 festivals and galas were cancelled due to Covid-19, holders of purchased tickets to those festivals and galas were allowed to use their ticket at a future festival or gala, if they chose. In addition, some planned sponsors for the April 2021 and 2020 festivals deferred the use of their paid sponsorship to be allocated to a future festival. Such amounts paid to the Foundation were recorded as deferred revenues. A majority of these amounts were recognized as revenue during the years ended August 31, 2023 and 2022 when the 2023 and 2022 festivals and galas were held, with a small portion remaining recorded as deferred revenues in the accompanying Statements of Financial Position as of August 31, 2023 and 2022.

Donated Services of Volunteers

Volunteers contribute significant amounts of time to the Foundation's program services. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP.

Expense Allocation

The costs of providing the various activities have been summarized on a functional basis on the Statements of Functional Expenses. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the program and supporting services benefitted using appropriate methodologies. Salaries and wages, employee benefits, and payroll taxes have been allocated based on management's estimate of periodic time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Advertising Costs

Advertising costs are charged to operations when the advertising is incurred.

Income Taxes

The Foundation is a non-profit organization that is exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. The Foundation applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. The Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a fifty percent likelihood of being sustained upon examination by the taxing authorities.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

2. Summary of Significant Accounting Policies (continued)

Presentation of Sales Taxes

When applicable under state jurisdiction, the Foundation collects sales tax from customers and remits the amounts to the applicable jurisdiction, unless an exemption is granted. The Foundation's accounting policy is to exclude the tax collected and remitted to the applicable jurisdiction from revenue and costs of sales.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Concentration of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in the New Orleans area, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Foundation has not experienced any deposit losses and does not believe that significant credit risk exists as a result of this practice.

4. Liquidity and Availability

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

4. Liquidity and Availability (continued)

The table below presents financial assets available to meet general expenditures over the next twelve months as of August 31:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 45,032,172	\$ 42,354,603
Less: non-current and non-financial assets		
Prepaid expenses and other assets	(364,278)	(252,102)
Art collection	(694,051)	(694,051)
Property and equipment, net	(6,279,117)	(6,565,373)
Total current financial assets at year end	<u>37,694,726</u>	<u>34,843,077</u>
Less: financial asset designations and restrictions		
Board designated net assets	(10,159,858)	(10,143,641)
Net assets with donor restrictions	(854,446)	(897,006)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 26,680,422</u>	<u>\$ 23,802,430</u>

The Foundation's governing Board of Directors has designated a portion of its resources for specific purposes (see note 7). Those amounts are identified as designated in the table above. These funds remain available and may be spent at the discretion of the Board of Directors.

5. Fair Value Measurements

Fair value measurement standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or 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 or liability'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.

The Foundation uses quoted prices for identical securities for valuing mutual funds, money market funds, and certificates of deposit which are within the Level 1 hierarchy.

The method 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.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

5. Fair Value Measurements (continued)

As of August 31, 2023 assets measured at fair value on a recurring basis are composed of and determined as follows:

Description	Based on			
	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments				
Money market funds and certificates of deposits	\$ 208,875	\$ 208,875	\$ -	\$ -
Mutual funds				
Global equity	18,120,752	18,120,752	-	-
Fixed income	8,608,100	8,608,100	-	-
Bond fund	2,458,895	2,458,895	-	-
Total investments	<u>\$ 29,396,622</u>	<u>\$ 29,396,622</u>	<u>\$ -</u>	<u>\$ -</u>
Jazznet Program Investments				
Mutual funds				
Global equity	\$ 126,328	\$ 126,328	\$ -	\$ -
Bond fund	124,178	124,178	-	-
Fixed income	259,907	259,907	-	-
Total Jazznet Program investments	<u>\$ 510,413</u>	<u>\$ 510,413</u>	<u>\$ -</u>	<u>\$ -</u>

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

5. Fair Value Measurements (continued)

As of August 31, 2022 assets measured at fair value on a recurring basis are composed of and determined as follows:

Description	Based on			
	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments				
Money market funds and certificates of deposits	\$ 207,516	\$ 207,516	\$ -	\$ -
Mutual funds				
Global equity	15,192,945	15,192,945	-	-
Fixed income	8,408,219	8,408,219	-	-
Bond fund	3,357,541	3,357,541	-	-
Total investments	<u>\$ 27,166,221</u>	<u>\$ 27,166,221</u>	<u>\$ -</u>	<u>\$ -</u>
Jazznet Program Investments				
Mutual funds				
Global equity	\$ 197,715	\$ 197,715	\$ -	\$ -
Bond fund	94,838	94,838	-	-
Fixed income	262,552	262,552	-	-
Total Jazznet Program investments	<u>\$ 555,105</u>	<u>\$ 555,105</u>	<u>\$ -</u>	<u>\$ -</u>

6. Property and Equipment

Property and equipment consist of the following as of August 31:

	2023	2022
Land	\$ 446,250	\$ 446,250
Buildings and improvements	11,596,372	11,523,826
Equipment, furniture, and fixtures	1,178,259	918,100
	<u>13,220,881</u>	<u>12,888,176</u>
Less accumulated depreciation	(6,941,764)	(6,322,803)
Total	<u>\$ 6,279,117</u>	<u>\$ 6,565,373</u>

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
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7. Designated Net Assets

The Foundation's Board of Directors has dedicated a portion of the net assets without donor restrictions for the following purposes as of August 31:

	<u>2023</u>	<u>2022</u>
Reserves	\$ 10,127,582	\$ 10,127,582
Allen Jaffe Memorial Fund	15,059	15,059
Foundation programs	17,217	1,000
Total designated net assets	<u>\$ 10,159,858</u>	<u>\$ 10,143,641</u>

8. Restrictions on Net Assets

Net assets have been restricted for the following purposes as of August 31:

	<u>2023</u>	<u>2022</u>
Restricted for purpose or time:		
Music Relief Fund	\$ 137,232	\$ 135,100
Music Rising Fund	90,000	90,000
S.E.E.D. Program	75,094	75,094
Jazznet Program	10,413	55,105
Raisin' the Roof	29,368	29,368
Heritage School of Music	12,339	12,339
Restricted in perpetuity:		
Endowment - Jazznet Program	500,000	500,000
Total	<u>\$ 854,446</u>	<u>\$ 897,006</u>

The Foundation maintains an account for activities attributable to the Supporting, Enfranchising, Economic, Development ("S.E.E.D.") Program. The program was established to support small business development in the New Orleans community for entrepreneurs who are associated with the Foundation.

The endowment consists of funds held in a separate investment account under the Jazznet Program. The Foundation manages its funds independently. The income on these funds, which are to be maintained in perpetuity, is available to support jazz programs under the stipulations of the donor.

9. Endowments

The Endowment. The Foundation's endowment is comprised of one fund, established to promote jazz programming to its community, and consists of net assets with donor restrictions. Income generated by the endowment shall be directly utilized for jazz programming. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. Endowments (continued)

Interpretation of Relevant Law. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies the following amounts as net assets with donor restrictions in the accompanying financial statements:

- the original value of the gifts donated in perpetuity,
- the original value of subsequent gifts donated in perpetuity, and
- when applicable, accumulations to the gifts donated in perpetuity, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no additional gifts during the years ended August 31, 2023 and 2022.

The remaining portion of the endowment fund with donor restrictions that is not classified in restricted in perpetuity net assets is classified as restricted for purpose or time net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions.

- The duration and the preservation of the fund
- The purposes of the Foundation and the endowment fund with donor restrictions
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net asset composition by type of fund is as follows as of August 31:

	2023		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ 10,413	\$ 500,000	\$ 510,413
	2022		
	Restricted for Purpose or Time	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ 55,105	\$ 500,000	\$ 555,105

NEW ORLEANS JAZZ & HERITAGE FESTIVAL AND FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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9. Endowments (continued)

Changes in endowment net assets are as follows for the year ended August 31:

	2023		
	<u>Restricted for Purpose or Time</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Net assets, beginning of the year	\$ 55,105	\$ 500,000	\$ 555,105
Net investment return	11,858	-	11,858
Releases	(56,550)	-	(56,550)
Net assets, end of the year	<u>\$ 10,413</u>	<u>\$ 500,000</u>	<u>\$ 510,413</u>
	2022		
	<u>Restricted for Purpose or Time</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Net assets, beginning of the year	\$ 112,858	\$ 500,000	\$ 612,858
Net investment return	28,627	-	28,627
Contributions	6,931	-	6,931
Releases	(93,311)	-	(93,311)
Net assets, end of the year	<u>\$ 55,105</u>	<u>\$ 500,000</u>	<u>\$ 555,105</u>

Funds with Deficiencies. The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and when continued appropriations for certain programs that were deemed prudent by the Board of Directors occur in concurrence with the unfavorable market fluctuations. There were no such deficiencies as of August 31, 2023 or 2022.

Return Objectives and Risk Parameters. Endowment assets include donor restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, gifts in perpetuity to the Foundation are invested in equity investments, fixed income, money market funds, and cash equivalents. The investment objective of the Endowment shall be that funds invested receive a yield of a 3% - 5% return. The Board of Directors, with the recommendation of the Finance Committee, shall make investment decisions. The Finance Committee reviews these guidelines with management on a quarterly basis.

Strategies Employed for Achieving Objectives. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends).

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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. Endowments (continued)

Spending Policy and How Investment Objectives Relate to the Spending Policy. A policy was implemented to distribute a percentage of the dividend and interest income directly for jazz programs for each fiscal year in those years that the financial performance of the investment exceeds expectation. The Finance Committee will make a recommendation on an annual basis to release a certain percentage when appropriate. In establishing this policy, the Foundation considered the risk in the investment environment related to its endowment gifts. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

10. In-kind Donations

The Foundation received contributions of donated goods and services as follows during the year ended August 31:

	2023	2022
Musical equipment	\$ 209,094	\$ 1,674,092
Hotel rooms	196,000	196,000
Food	59,085	60,235
Gift cards	50,000	50,000
Professional services	50,000	50,000
Total	<u>\$ 564,179</u>	<u>\$ 2,030,327</u>

All donated assets were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets. Donated musical equipment, hotel rooms, food, and gift cards are valued at the wholesale prices that would be paid for purchasing or renting similar products. Professional services are valued at their fair market value price at the time of donation.

11. Litigation

The Foundation is a defendant in various lawsuits. These claims are being defended by the Foundation's liability insurer. The Foundation's legal counsel is of the opinion that the Foundation has minimal risk of incurring any uninsured loss.

12. Related Party Transactions

Certain members of the Foundation's Board of Directors also serve on the Board of Directors of WWOZ. Funding and payments to WWOZ totaled \$525,000 and \$600,000 for the years ended August 31, 2023 and 2022, respectively, and are included in budgeted programs on the Statements of Activities and Changes in Net Assets.

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NOTES TO FINANCIAL STATEMENTS
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13. Retirement Plan

The Foundation has a defined contribution retirement plan for all eligible employees. Employees are eligible to participate in the plan after completing one year of service. The plan specifies that the Foundation contribute on behalf of the employees based on their annual contributions. The Foundation's contributions were \$108,385 and \$97,104 for the years ended August 31, 2023 and 2022, respectively.

14. Commitments

On January 27, 2005, the Foundation entered into a production management and financing agreement ("the Agreement") between two companies, collectively the Producers, to produce and manage the New Orleans Jazz and Heritage Festival. The Agreement includes two extension periods of five years or longer as a result of an option for a successive one-year extension as a result of specially cancelled festivals, as defined in the agreement. The current expiration date of the Agreement is August 31, 2025. The Agreement provides for a base producers' fee and an additional allocation of festival net revenues to be paid by the Foundation each year for each annual festival produced, subject to adjustment at the start of each extension term in accordance with a cost of living adjustment. The agreement requires an annual advance to the Foundation, also subject to adjustment at the start of each extension term in accordance with a cost of living adjustment. The advance is to be paid to the Foundation on September 1st of each fiscal year. The advance for the 2024 New Orleans Jazz and Heritage Festival was received by the Foundation in August 2023, and therefore, is recorded as advance on future festival revenues on the Statement of Financial Position for the year ended August 31, 2023.

15. Shuttered Venue Operators Grant

During the year ended August 31, 2021, the Foundation applied for and was awarded a \$10,000,000 Shuttered Venue Operators Grant by the U.S. Small Business Administration. The grant funds could be used on allowable expenditures incurred from March 1, 2020 through December 31, 2021. The Foundation recorded \$6,623,057 as federal revenue for the year ended August 31, 2021, which represented the amount of allowable expenditures incurred as of August 31, 2021. The remaining amount of the grant, \$3,376,943, was recorded as a refundable advance as of August 31, 2021. During the year ended August 31, 2022, the Foundation incurred allowable expenditures equaling the remaining amount of the grant, \$3,376,943, and recorded that amount as federal revenue on the Statement of Activities and Changes in Net Assets for the year ended August 31, 2022.

16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 23, 2024, and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
New Orleans Jazz & Heritage Festival and Foundation, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans Jazz & Heritage Festival and Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, 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 February 23, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
February 23, 2024

