

*Financial Report**New Orleans Musicians Assistance Foundation**December 31, 2012*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 16 2013

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New Orleans Musicians Assistance Foundation New Orleans, Louisiana

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FINANCIAL SECTION

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 nonprofit Foundation), which comprise the statement of financial position as of December 31, 2012, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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, 2012, 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 28, 2013 on our consideration of the Foundation's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bourgeois Bennett, LLC." The signature is written in a cursive, flowing style.

Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2013.

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

December 31, 2012

Assets

Cash	\$ 771,022
Certificates of deposit	532,592
Property and equipment, net of accumulated depreciation	<u>5,086</u>
Total assets	<u><u>\$ 1,308,700</u></u>

Liabilities

Accounts payable and accrued expenses	\$ 101,029
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Net Assets

Unrestricted	<u>1,207,671</u>
Total liabilities and net assets	<u><u>\$ 1,308,700</u></u>

See notes to financial statements.

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

For the year ended December 31, 2012

Revenues and Support	
Government grants	\$ 252,604
Contributions	323,547
In-kind support	776,343
Events/fundraising income	63,178
Private grants	30,000
Investment income	10,496
Miscellaneous income	2,000
	<hr/>
Total revenues and support	1,458,168
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Expenses	
Program services	1,384,617
Management and development general	51,798
Fund and program development	124,416
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Total expenses	1,560,831
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Decrease In Net Assets	(102,663)
Net Assets	
Beginning of year	1,310,334
	<hr/>
End of year	\$ 1,207,671
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See notes to financial statements.

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

For the year ended December 31, 2012

	Program Services	Support Services		Total
		Management	Fund and Program Development	
Administrative and management services:				
New Orleans Musicians Clinic	\$ 98,955	\$ 1,187	\$ 3,560	\$ 103,702
New Orleans Musicians Assistance Foundation	46,807	17,683	44,911	109,401
New Orleans Musicians Assistance Foundation Musician Outreach Program	5,548	2,081	6,242	13,871
New Orleans Musicians Assistance Foundation HECSI/HHAD Cancer Screening Initiative	15,937			15,937
Prevent Death By Lifestyle	11,487			11,487
Save New Orleans' Sounds Initiative	4,550			4,550
Bank charges		193		193
Depreciation		4,226		4,226
Development consulting and expenses			50,073	50,073
Emergency assistance	32,133			32,133
Insurance		7,581		7,581
New Orleans Musicians Clinic Medical Services				
Ancillary medical care	32,495			32,495
Dental care	17,547			17,547
Medical laboratory fees	17,935			17,935
Medical staff services	855,888			855,888
Medical supplies	2,798			2,798
Medical transportation	1,899			1,899
Occupancy expense	86,913			86,913
Pharmacy expense	2,006			2,006
Miscellaneous	650	2,378		3,028
Musician outreach	134,814			134,814
Postage and shipping	123	1,107		1,230
Printing and publications	1,029	265		1,294
Professional dues	634			634
Rent expense	4,128	12,509	12,509	29,146
Telephone	1,018	1,018	3,055	5,091
Travel	9,323		2,496	11,819
Utilities		1,570	1,570	3,140
Total expenses	\$ 1,384,617	\$ 51,798	\$ 124,416	\$ 1,560,831

See notes to financial statements

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

For the year ended December 31, 2012

Cash Flows From Operating Activities:	
Decrease in net assets	<u>\$ (102,663)</u>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Bad debt expense	1,740
Depreciation	4,226
Unrealized gain	(3,040)
Loss on disposal of property and equipment	367
Decrease in operating assets:	
Accounts receivable	5,170
Government grants receivable	55,733
Decrease in operating liabilities:	
Accounts payable and accrued expenses	58,433
Grant reimbursement payable	<u>(150,991)</u>
Total adjustments	<u>(28,362)</u>
Net cash used in operating activities	<u>(131,025)</u>
Cash Flows From Investing Activities:	
Proceeds from redemption of certificate of deposit	100,000
Purchase of property and equipment	<u>(5,727)</u>
Net cash provided by investing activities	<u>94,273</u>
Net Decrease in Cash	<u>(36,752)</u>
Cash	
Beginning of year	<u>807,774</u>
End of year	<u><u>\$ 771,022</u></u>

See notes to financial statements.

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

December 31, 2012

Note 1 - NATURE OF ACTIVITIES

New Orleans Musicians Assistance Foundation (the "Foundation") is a non-profit Foundation, incorporated on April 2, 2007 under the laws of the State of Louisiana. The mission of the New Orleans Musicians Assistance Foundation ("NOMAF") 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:

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

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

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

The Foundation does not have any temporary or permanently restricted net assets as of December 31, 2012.

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 less than three months from the acquisition date to be cash equivalents.

e. Investments

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

f. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Contributions and Revenue Recognition (Continued)

ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

g. Property and Equipment

Property and equipment is recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for improvements, renewals, and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment have an estimated useful life of 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.

h. Allocated Expenses

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

i. In-kind Support

During the year, the Foundation received in-kind support in the form of administrative, program development, and fundraising services from the president and vice president of the Board of Directors. In addition, the Foundation received donated medical staff services from physicians and therapists and free use of medical facilities and office space. The Foundation also received legal and accounting in-kind contributions. Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Income Taxes

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2012, 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, 2009 and later remain subject to examination by taxing authorities.

k. Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 28, 2013, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and certificates of deposit accounts in several financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2012, the Foundation had approximately \$375,000 of cash balances in excess of the insured limits

Note 4 - INVESTMENTS

The Foundation's certificates of deposit as of December 31, 2012 are summarized below:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Certificates of deposit	<u>\$ 530,000</u>	<u>\$ 532,592</u>	<u>\$ 2,592</u>

Note 5 - INVESTMENTS (Continued)

	Cost	Market	Excess of Market Value Over Cost (Cost Over Market Value)
Balances as of December 31, 2012	\$ 530,000	\$ 532,592	\$ 2,592
Balances as of December 31, 2011	\$ 630,000	\$ 629,552	(448)
Increase in unrealized appreciation			\$ 3,040

Investment return as of December 31, 2012 is summarized as follows:

Interest income	\$ 7,456
Net unrealized gain	3,040
Total investment income	\$ 10,496

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.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

The Foundation uses the market approach for valuing certificates of deposit, which are within Level 1 of the fair value hierarchy. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of December 31, 2012, 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)
Certificates of deposit	\$ 532,592	\$ 532,592	\$ -	\$ -

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment includes the following as of December 31, 2012:

Computer equipment	\$ 16,594
Furniture and fixtures	2,183
	<u>18,777</u>
Less: accumulated depreciation	<u>(13,691)</u>
Net property and equipment	<u>\$ 5,086</u>

Depreciation for the year ended December 31, 2012 was \$4,226.

Note 8 - GOVERNMENT GRANTS

During 2011, the Foundation was awarded funding from the Louisiana Department of Health and Hospitals ("DHH") through the Greater New Orleans Community Health Connection ("GNOCHC"). The original funding of \$412,117 was awarded for sustainability payments, medical claims, and eligible infrastructure expenses. During 2012, the Foundation received \$252,604 of funding from GNOCHC.

Funding received from the GNOCHC grant was approximately 37% of revenue (excluding in-kind support) for the year ended December 31, 2012.

Note 9 - IN-KIND SUPPORT

The fair value of in-kind support and the corresponding expenses for the year ended December 31, 2012 are as follows:

Administrative and management fees	\$ 62,145
Development and consulting expenses	24,000
Musician outreach	36,815
Medical facility occupancy	86,913
Medical staff services	550,717
Professional fees	<u>15,753</u>
Total	<u><u>\$ 776,343</u></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 NOMAC medical director without compensation. The value of the services provided by them during 2012 was \$375,000, which is included in in-kind support as medical staff services, administrative and management fees, development and consulting expenses.

Note 10 - LEASE COMMITMENT

The Foundation leases its office space from a related party under a one year operating lease agreement that began on August 1, 2011 and was renewed for one year on August 1, 2012. Monthly lease payments are \$2,429 and future minimum payments under this operating lease total \$17,003. Rent expense totaled \$116,025 for the year ended December 31, 2012, including \$86,913 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.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
New Orleans Musicians Assistance Foundation,
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of New Orleans Musicians Assistance Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, 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 June 28, 2013.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as Item 12-02 in the accompanying Schedule of Findings and Responses to be a material weakness.

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. We consider the deficiency described as Item 12-01 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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.

Foundation's Response to Findings

The Foundation's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 28, 2013.

SCHEDULE OF FINDINGS AND RESPONSES

New Orleans Musicians Assistance Foundation New Orleans, Louisiana

For the year ended December 31, 2012

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

New Orleans Musicians Assistance Foundation did not expend Federal awards in excess of \$500,000 during the year ended December 31, 2012 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Foundations.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require the Foundation to have the ability to prepare its own financial statements in accordance with generally accepted accounting principles ("GAAP"), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

12-01 Preparation of Financial Statements and Disclosures (Continued)

Condition - Financial statements and required disclosures were not prepared by the Foundation.

Cause - The management of the Foundation has not determined a need for a financial person possessing the required technical expertise for cost-benefit reasons.

Effect - The independent auditor cannot be a part of the Foundation's internal control over financial reporting.

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles.

12-02 Financial Close

Criteria - The internal control structure related to the financial close process should be designed to ensure all prior year accruals are properly reversed in the current year.

Condition - The Foundation's internal control structure relating to the year end financial closing process could be strengthened to account for the reversal of prior year accruals

Cause - The internal control structure does not contain proper controls to address the reversal of prior year accruals.

Effect - Receivables and payables were overstated prior to the audit adjustments.

Recommendation - The Foundation could improve its current design of the system of controls to address the reversal of prior year accruals within the financial closing process.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

12-02 Internal Control Structure (Continued)

Management's Corrective Action - Management and those charged with governance will implement a system of internal controls to address the reversal of prior year accruals in the financial close process.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

New Orleans Musicians Assistance Foundation New Orleans, Louisiana

For the year ended December 31, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Unresolved - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with accounting principles generally accepted in the United States of America. The Executive Committee of the Board of Directors has concluded that it cannot justify the expense of hiring a person who could prepare financial statements including all related disclosures, and instead will continue to closely monitor all transactions in the general ledger. (See 12-01).

11-02 Internal Control Structure

Recommendation - The Foundation could improve their current design of the system of controls to address the following: 1) lack of segregation of duties, 2) obtaining the proper approval for bank reconciliations on a monthly basis, 3) ensure bank reconciliations agree to the cash balance per the general ledger.

Management's Corrective Action - Resolved - Bank reconciliations were reconciled to the general ledger and were reviewed by those in charge of governance on a timely basis. The lack of some segregation of duties, were addressed through mitigating controls.

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

11-03 Contributions and Private Grant Receivable

Recommendation - The Foundation should perform processes required to release credit card charges into its checking account on a timely basis and record private grant pledges in the period the grant pledge was made.

Management's Corrective Action - Resolved - Management has actively monitored the recording of credit card charges on a timely basis as well as recording private grant pledges in the proper period.

Section II - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend Federal awards in excess of \$500,000 during the year ended December 31, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Foundations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2011

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2012

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

12-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles.

12-02 Internal Control Structure

Recommendation - The Foundation could improve its current design of the system of controls to address the reversal of prior year accruals within the financial closing process.

Management's Corrective Action - Management and those charged with governance will implement a system of internal controls to address the reversal of prior year accruals in the financial close process.

Section II - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend Federal awards in excess of \$500,000 during the year ended December 31, 2012, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Foundations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2012.