Financial Report

New Orleans Musicians Assistance Foundation

December 31, 2008

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 8/12/09
TABLE OF CONTENTS

New Orleans Musicians Assistance Foundation
New Orleans, LA

December 31, 2008

Independent Auditor's Report

Exhibit

A - Statement of Financial Position
B - Statement of Activities
C - Statement of Functional Expenses
D - Statement of Cash Flows
E - Notes to Financial Statements

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

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards
# TABLE OF CONTENTS (Continued)

**New Orleans Musicians Assistance Foundation**  
New Orleans, LA  
December 31, 2008

<table>
<thead>
<tr>
<th>Special Reports of Certified Public Accountants (Continued)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>23 - 26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reports By Management</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule of Prior Year Findings and Responses</td>
<td>27 - 28</td>
</tr>
<tr>
<td>Management’s Corrective Action Plan on Current Year Findings</td>
<td>29 - 30</td>
</tr>
</tbody>
</table>
FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of New Orleans Musicians Assistance Foundation (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Musicians Assistance Foundation as of December 31, 2008, and the changes in its net assets and its cash flows for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.
In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2009, on our consideration of New Orleans Musicians Assistance 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of New Orleans Musicians Assistance Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bougeois Bennett, LLC
Certified Public Accountants.

New Orleans, Louisiana,
July 30, 2009.
### STATEMENT OF FINANCIAL POSITION

**New Orleans Musicians Assistance Foundation**

December 31, 2008

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 625,424</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>500,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,551</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation</td>
<td>10,081</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 1,144,556</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 35,387</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>3,716</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>39,103</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td></td>
</tr>
<tr>
<td>Nondesignated</td>
<td>1,079,845</td>
</tr>
<tr>
<td>Board designated</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>1,089,845</strong></td>
</tr>
<tr>
<td>Temporary restricted</td>
<td>15,608</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>1,105,453</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**

$ 1,144,556

See notes to financial statements.
# STATEMENT OF ACTIVITIES

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporary</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$ 687,721</td>
<td>$ 15,608</td>
<td>$ 703,329</td>
</tr>
<tr>
<td>Private grants</td>
<td>75,000</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Contributions</td>
<td>740,041</td>
<td></td>
<td>740,041</td>
</tr>
<tr>
<td>In-kind support</td>
<td>582,401</td>
<td></td>
<td>582,401</td>
</tr>
<tr>
<td>Interest income</td>
<td>10,534</td>
<td></td>
<td>10,534</td>
</tr>
<tr>
<td><strong>Total revenues and support</strong></td>
<td>2,095,697</td>
<td>15,608</td>
<td>2,111,305</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>1,173,605</td>
<td></td>
<td>1,173,605</td>
</tr>
<tr>
<td>Management and general</td>
<td>108,314</td>
<td></td>
<td>108,314</td>
</tr>
<tr>
<td>Fundraising</td>
<td>259,637</td>
<td></td>
<td>259,637</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,541,556</td>
<td></td>
<td>1,541,556</td>
</tr>
<tr>
<td><strong>Increase In Net Assets</strong></td>
<td>554,141</td>
<td>15,608</td>
<td>569,749</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of period</td>
<td>535,704</td>
<td></td>
<td>535,704</td>
</tr>
<tr>
<td>End of period</td>
<td>$ 1,089,845</td>
<td>$ 15,608</td>
<td>$ 1,105,453</td>
</tr>
</tbody>
</table>

See notes to financial statements.
STATEMENT OF FUNCTIONAL EXPENSES

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Management</td>
<td>Fundraising</td>
</tr>
<tr>
<td>Administrative and management services</td>
<td>$ 108,834</td>
<td>$ 68,021</td>
</tr>
<tr>
<td>Bank charges</td>
<td>5,133</td>
<td>5,133</td>
</tr>
<tr>
<td>Behavioral health care</td>
<td>90,131</td>
<td>7,267</td>
</tr>
<tr>
<td>Benefits expense</td>
<td>5,849</td>
<td>1,418</td>
</tr>
<tr>
<td>Dental care</td>
<td>47,970</td>
<td>47,970</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,682</td>
<td>1,682</td>
</tr>
<tr>
<td>Development consulting and expenses</td>
<td>127,880</td>
<td>127,880</td>
</tr>
<tr>
<td>Emergency assistance</td>
<td>1,137</td>
<td>1,137</td>
</tr>
<tr>
<td>Gig fees</td>
<td>178,280</td>
<td>178,280</td>
</tr>
<tr>
<td>Grant expenses</td>
<td>70,331</td>
<td>70,331</td>
</tr>
<tr>
<td>Insurance</td>
<td>696</td>
<td>696</td>
</tr>
<tr>
<td>Interest reimbursement</td>
<td>8,239</td>
<td>8,239</td>
</tr>
<tr>
<td>Medical staff services</td>
<td>549,017</td>
<td>549,017</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>3,104</td>
<td>3,104</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6,594</td>
<td>6,594</td>
</tr>
<tr>
<td>Mobile healthcare unit expense</td>
<td>65,700</td>
<td>65,700</td>
</tr>
<tr>
<td>Pharmacy expense</td>
<td>5,083</td>
<td>5,083</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>1,046</td>
<td>2,000</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>2,129</td>
<td>8,515</td>
</tr>
<tr>
<td>Rent expense</td>
<td>12,914</td>
<td>12,914</td>
</tr>
<tr>
<td>Supplies</td>
<td>5,345</td>
<td>6,683</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>920</td>
<td>920</td>
</tr>
<tr>
<td>Telephone</td>
<td>1,366</td>
<td>3,414</td>
</tr>
<tr>
<td>Travel</td>
<td>1,976</td>
<td>1,976</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,050</td>
<td>1,025</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$ 1,173,605</strong></td>
<td><strong>$ 108,314</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
STATEMENT OF CASH FLOWS

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2008

Cash Flows From Operating Activities:
Increase in net assets $ 569,749
Adjustments to reconcile increase in net assets
  to net cash used in operating activities:
    Depreciation 1,682
    Increase in operating assets:
      Prepaid expenses (7,105)
      Other assets (1,500)
    Increase (decrease) in operating liabilities:
      Accounts payable (3,518)
      Accrued expenses 668
    Total adjustments (9,773)
Net cash provided by operating activities 559,976

Cash Flows From Investing Activities:
Purchase of certificates of deposit (500,000)
Purchase of property and equipment (6,330)
Net cash used in investing activities (506,330)

Net Increase in Cash and Cash Equivalents 53,646

Cash
  Beginning of year 571,778
  End of year $ 625,424

See notes to financial statements.
NOTES TO FINANCIAL STATEMENTS

New Orleans Musicians Assistance Foundation

December 31, 2008

Note 1 - NATURE OF ACTIVITIES

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

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

b. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations". Under SFAS No. 117, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization 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.
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 permanently restricted net assets at December 31, 2008.

c. 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. The Foundation does not have any cash equivalents at December 31, 2008.

e. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 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. 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.

h. 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, vice president, and treasurer of the Board of Directors. In addition, the Foundation received donated medical staff services from physicians and therapists and free use of medical facilities. 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.

The free use of office space was provided by a related party for seven months during the year. The Foundation records the value of utilized office space as in-kind support and the corresponding rent expense.
Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fair Value of Financial Instruments

On January 1, 2008, the Foundation adopted Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. SFAS No. 157 establishes a fair value hierarchy which has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, defined as inputs such as unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions. The Foundation uses the market approach for valuing investments which is within the Level 1 fair value hierarchy. The adoption for SFAS No. 157 was not material to the financial statements.

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.

k. Board Designated Net Assets

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

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 for custodial risk. At December 31, 2008, the Foundation had approximately $464,000 in excess of the insured limit.
Note 4 - ASSETS MEASURED AT FAIR VALUE

Assets measured at fair value on a recurring basis are comprised of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fair Value At December 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>$ 500,000</td>
</tr>
</tbody>
</table>

Fair value was determined as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Based on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>$ 500,000</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$ 500,000</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Note 5 - RESTRICTION ON ASSETS

Temporary restricted net assets of $15,608 at December 31, 2008 relate to a federal grant restricted for a specific purpose.

Note 6 - PROPERTY AND EQUIPMENT

Property and equipment includes the following:

- Computer equipment $ 12,481
- Less: accumulated depreciation (2,400)
- Net equipment $ 10,081

Depreciation for the year ended December 31, 2008 was $1,682.
Note 7 - GRANTS

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

For the year ended December 31, 2008, the Foundation received $703,329 of grant funding from the Louisiana Department of Health and Hospitals. Funding received from the Primary Care Access and Stabilization Grant (PCASG) was approximately 46% of revenue (excluding in-kind support) for the year ended December 31, 2008. All funding is required to be maintained in a separate bank account.

Note 8 - IN-KIND SUPPORT

The fair value of in-kind support and the corresponding expenses for the year ended December 31, 2008 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and management fees</td>
<td>$158,100</td>
</tr>
<tr>
<td>Development and consulting expenses</td>
<td>109,500</td>
</tr>
<tr>
<td>Gig fees from related parties</td>
<td>36,000</td>
</tr>
<tr>
<td>Medical facility rent</td>
<td>30,000</td>
</tr>
<tr>
<td>Medical staff services</td>
<td>231,800</td>
</tr>
<tr>
<td>Office rent</td>
<td>17,001</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$582,401</strong></td>
</tr>
</tbody>
</table>

The President and Vice President of the Board of Directors work substantially full time for the Organization without compensation. The value of the services provided by them during 2008 is $345,000, which is included above as administrative and management services, development consulting and expenses, and medical staff services.
Note 9 - LEASE COMMITMENT

The Foundation leases its office space from a related party under an operating lease that began on August 1, 2008 and expired July 4, 2009. This lease is presently on a month-to-month basis. Monthly lease payments are $2,429 and future minimum payments under this operating lease amount to $17,003. Rent expense totaled $12,145 for the year ended December 31, 2008.

Note 10 - 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 the financial statements of New Orleans Musicians Assistance Foundation (the "Foundation") as of December 31, 2008 and for the year then ended, and have issued our report thereon dated July 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and which is described in the accompanying schedule of findings and questioned costs as item 08-01.
A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

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 an instance of noncompliance and other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs item 08-02.

The Foundation's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Foundation's responses and, accordingly, we express no opinion on it.
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 federal awarding agencies and pass-through entities 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.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, Louisiana,
July 30, 2009.
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of New Orleans Musicians Assistance Foundation (the "Foundation"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2008. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with those requirements.
In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Foundation’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency and a material weakness.

A control deficiency in the Foundation’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Foundation’s internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-03 to be a significant deficiency in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Foundation’s internal control. However, we believe that the significant deficiency described above is a material weakness.

The Foundation’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Foundation’s response and, accordingly, we express no opinion on it.
This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana, the Legislative Auditor for the State of Louisiana, and the federal awarding agencies and pass-through entities 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.

Bourgeois Bennett, LLC.

Certified Public Accountants.

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th>Federal Grantor / Program Title</th>
<th>CFDA#</th>
<th>Expenditures</th>
</tr>
</thead>
</table>
| United States Department of Health and Human Services  
Centers for Medicare and Medicaid Services Agency -  
Pass-Through Program From:  
Louisiana Public Health Institute  
Hurricane Katrina Relief Program | 93.776 | $ 687,721 |

See notes to Schedule of Expenditures of Federal Awards.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of New Orleans Musicians Assistance Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, the amount presented in the schedule may differ from the amount presented in, or used in the preparation of, the financial statements.

b. Payments to Subrecipients

There were no payments to subrecipients for the year ended December 31, 2008.

Note 2 - FINDINGS OF NONCOMPLIANCE

A finding of noncompliance is disclosed in the accompanying schedule of findings and questioned costs as finding 08-02.
Note 3 - RECONCILIATION OF FEDERAL GRANT REVENUE TO EXPENDITURES OF FEDERAL AWARDS

The following table presents the Federal awards revenue identified during the year ended December 31, 2008:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts per schedule of expenditures of federal awards</td>
<td>$687,721</td>
</tr>
<tr>
<td>Add temporarily restricted assets from Hurricane Katrina</td>
<td></td>
</tr>
<tr>
<td>Relief Program funds received in advance of expenditures</td>
<td>$15,608</td>
</tr>
</tbody>
</table>

Total government grant revenue included in the financial statements $703,329
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2008

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 material weakness yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major program:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weakness? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 yes no
Section I - Summary of Auditor's Report (Continued)

c) Identification of Major Program:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.776</td>
<td>U.S. Department of Health and Human Services - Hurricane Katrina Relief Program</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as a low-risk auditee? yes X no

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

Internal Control Over Financial Reporting

08-01 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.

Condition - Financial statements and required disclosures were prepared by the auditors.

Cause - 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 qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.
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)

08-01 Preparation of Financial Statements and Disclosures (Continued)

Views of Responsible Officials Of The Auditee - When There is a Disagreement With the Finding, to the Extent Practical - None.

Compliance and Other Matters

08-02 Timely Submission of Audited Financial Statements

Criteria - Louisiana state law requires all government and quasi-governmental entities that receive state and local government assistance to have audit engagements completed and filed with the Louisiana Legislative Auditor within six months of the close of the Foundation’s fiscal year.

Condition - The required audited financial statements were not filed on a timely basis with the Louisiana Legislative Auditor in correlation with the filing requirements of Louisiana Revised Statue 24:513.

Context - Isolated to the year ended December 31, 2008.

Cause - Additional time was needed to accumulate in-kind support information needed to complete the audit and complete the Foundation’s financial statements.

Effect - Not filing timely reports could result in a loss of federal and state funding or disqualifications from future funding.

Recommendation - The audited financial statements should be filed on a timely basis with the Louisiana Legislative Auditor.

Views of Responsible Officials Of The Auditee - When There is a Disagreement With the Finding, to the Extent Practical - None.
Section III - Internal Control and Compliance Material to Federal Awards

Internal Control Over Compliance

08-03 Data Collection Error Rate

Criteria - Adequate internal controls in relation to data collection for recipients of services require the Foundation to have the ability to capture the number of unduplicated patients receiving eligible services.

Condition - The chart review performed by the pass-through entity revealed an error rate of 48.33% which is outside of the pass-through entity’s acceptable limits. These errors were comprised of missing records due to some clients/patients not having medical records on the site that was visited by the screening team of the grantor, incorrect dates of birth of clients, missing encounter dates due to the encounter taking place at a network provider and not at the medical/primary care clinic, and other minor clerical errors. No amount was due to be refunded to the grantor due to any errors in the documentation.

Cause - The Foundation has created a network of providers providing service to the eligible clients throughout the New Orleans area. Therefore, client records are maintained at multiple offices as opposed to one location.

Effect - The existence of patient records at multiple locations results in the appearance of duplicate patients which is the basis for determining the Federal award amount.

Recommendation - Management should contact the network providers requesting that client records be sent to the primary clinic in order to retain patient information in one location.

Views of Responsible Officials Of The Auditee - When There is a Disagreement With the Finding, to the Extent Practical - None.

Compliance

There were no federal award compliance findings or questioned costs reported during the audit for the year ended December 31, 2008.
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2008

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

Internal Control Over Financial Reporting

07-01 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 in charge of 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. (See 08-01).

Compliance and Other Matters

07-02 Timely Submission of Audited Financial Statements

Recommendation - The audited financial statements should be filed on a timely basis with the Louisiana Legislative Auditor.

Management’s Corrective Action - Unresolved - The Foundation did not file its audited financial statements on a timely basis with the Legislative Auditor (see 08-02).
Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)

Compliance and Other Matters (Continued)

07-03 PCASG Funds Maintained in Excess of FDIC Limits

**Recommendation** - Multiple accounts at more than one financial institution should be maintained for PCASG funds and the account balances should be monitored to assure balance are below FDIC limits.

**Management's Corrective Action** - Unresolved - As of December 31, 2008, multiple cash accounts at different financial institutions were not maintained to assure deposit balances were within FDIC limits.

07-04 PCASG Funds Maintained In Non-Interest Bearing Accounts

**Recommendation** - All PCASG funds should be maintained in an interest bearing account on a continuous basis to ensure compliance with grant provisions.

**Management's Corrective Action** - Resolved - All PCASG funds are being continually maintained in interest bearing accounts.

Section II - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend federal awards exceeding $500,000 during the year ended December 31, 2007 and accordingly were not subject to requirements described in U. S. Office of Management and Budget (OMB) Circular A-133.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the period April 2, 2007 (inception) to December 31, 2007.
MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

New Orleans Musicians Assistance Foundation
New Orleans, Louisiana

For the year ended December 31, 2008

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

Internal Control Over Financial Reporting

08-01 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 - 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.

Compliance and Other Matters

08-02 Timely Submission of Audited Financial Statements

Recommendation - The audited financial statements should be filed on a timely basis with the Louisiana Legislative Auditor.

Management’s Corrective Action - In the future, the audited financial statements will be filed timely.
Section II - Internal Control and Compliance Material to Federal Awards

Internal Control Over Compliance

08-03 Data Collection Error Rate

Recommendation - Management should contact the network providers requesting that client records be sent to the primary clinic in order to retain patient information in one location.

Management’s Corrective Action - Management has submitted a plan of action to the pass-through entity and will work with the network providers to implement within the limitations of HIPPA and the culture of clinical medicine.

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, 2008.