Financial Report

New Orleans Musicians Assistance Foundation

December 31, 2010

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY
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 (the "Foundation") (a nonprofit Foundation) as of December 31, 2010, 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 the Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended 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 June 23, 2011 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 and should be considered in assessing the results of our audit.

Bourgeois Bennett, LLP.
Certified Public Accountants.

New Orleans, Louisiana,
June 23, 2011.
STATEMENT OF FINANCIAL POSITION

New Orleans Musicians Assistance Foundation

December 31, 2010

Assets
Cash $ 728,063
Certificates of deposit 304,568
Property and equipment, net of accumulated depreciation 7,052
Total assets $ 1,039,683

Liabilities
Accounts payable and accrued expenses $ 29,118

Net Assets
Unrestricted
Undesignated 844,142
Board designated 10,000
Total unrestricted 854,142
Temporary restricted 156,423
Total net assets 1,010,565
Total liabilities and net assets $ 1,039,683

See notes to financial statements.
STATEMENT OF ACTIVITIES

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2010

<table>
<thead>
<tr>
<th>Revenues and Support</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government grants</td>
<td>$ 88,227</td>
<td>$ 156,423</td>
<td>$ 244,650</td>
</tr>
<tr>
<td>Contributions</td>
<td>360,993</td>
<td></td>
<td>360,993</td>
</tr>
<tr>
<td>In-kind support</td>
<td>733,284</td>
<td></td>
<td>733,284</td>
</tr>
<tr>
<td>Events/fundraising income</td>
<td>190,899</td>
<td></td>
<td>190,899</td>
</tr>
<tr>
<td>Private grants</td>
<td>5,000</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>Investment income</td>
<td>10,474</td>
<td></td>
<td>10,474</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,447</td>
<td></td>
<td>1,447</td>
</tr>
<tr>
<td>Total revenues and support</td>
<td>1,390,324</td>
<td>156,423</td>
<td>1,546,747</td>
</tr>
</tbody>
</table>

Net Assets Released From Restrictions

Expiration of time restrictions
and program restrictions
satisfied through payments

253,372 (253,372) -

Total revenues, support and net
assets released from restrictions

1,643,696 (96,949) 1,546,747

Expenses

Program services
Management and general
Fundraising

1,010,682 95,531 394,084

1,010,682 95,531 394,084

Total expenses

1,500,297 - 1,500,297

Increase (Decrease) In Net Assets

143,399 (96,949) 46,450

Net Assets

Beginning of year

710,743 253,372 964,115

End of year

$ 854,142 $ 156,423 $ 1,010,565

See notes to financial statements.
STATEMENT OF FUNCTIONAL EXPENSES

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2010

<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>$ 161,325</td>
<td>$ 60,497</td>
</tr>
<tr>
<td>Bank charges</td>
<td>568</td>
<td>568</td>
</tr>
<tr>
<td>Behavioral health care</td>
<td>27,055</td>
<td>27,055</td>
</tr>
<tr>
<td>Dental care</td>
<td>28,575</td>
<td>28,575</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,100</td>
<td>3,100</td>
</tr>
<tr>
<td>Development consulting and expenses</td>
<td>186,536</td>
<td>186,536</td>
</tr>
<tr>
<td>Emergency assistance</td>
<td>29,570</td>
<td>29,570</td>
</tr>
<tr>
<td>Gig fees</td>
<td>140,504</td>
<td>140,504</td>
</tr>
<tr>
<td>Grant expenses</td>
<td>24,141</td>
<td>24,141</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,344</td>
<td>7,344</td>
</tr>
<tr>
<td>Interest reimbursement</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>Medical staff services</td>
<td>495,529</td>
<td>495,529</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>954</td>
<td>954</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>793</td>
<td>793</td>
</tr>
<tr>
<td>Pharmacy expense</td>
<td>425</td>
<td>425</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>201</td>
<td>1,807</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>187</td>
<td>1,679</td>
</tr>
<tr>
<td>Rent expense</td>
<td>125,096</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>10,641</td>
<td>4,256</td>
</tr>
<tr>
<td>Telephone</td>
<td>963</td>
<td>963</td>
</tr>
<tr>
<td>Travel</td>
<td>3,323</td>
<td>3,323</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,015</td>
<td>2,015</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 1,010,682</td>
<td>$ 95,531</td>
</tr>
</tbody>
</table>

See notes to financial statements.
STATEMENT OF CASH FLOWS

New Orleans Musicians Assistance Foundation

For the year ended December 31, 2010

Cash Flows From Operating Activities:

Increase in net assets $ 46,450

Adjustments to reconcile increase in net assets to net cash provided by operating activities:

  Depreciation 3,100
  Unrealized loss 3,923

Decrease in operating assets:

  Prepaid expenses 7,344

Decrease in operating liabilities:

  Accounts payable and accrued expenses (29,052)

Total adjustments (14,685)

Net cash provided by operating activities 31,765

Cash Flows From Investing Activities:

  Purchase of certificates of deposit (100,000)

  Proceeds from redemption of certificate of deposit 200,000

Net cash provided by investing activities 100,000

Net Increase in Cash 131,765

Cash

  Beginning of year 596,298

  End of year $ 728,063

See notes to financial statements.
NOTES TO FINANCIAL STATEMENTS

New Orleans Musicians Assistance Foundation

December 31, 2010

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 ("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.

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 as of December 31, 2010.

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. The Foundation does not have any cash equivalents as of December 31, 2010.

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 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.

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 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
Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. In-kind Support (Continued)

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.

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 be sustained upon examination. As of December 31, 2010, 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, 2008 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 23, 2011, 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, 2010, the Foundation had approximately $167,000 in excess of the insured limit.

Note 4 - INVESTMENTS

The Foundation's certificates of deposit as of December 31, 2010 are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market</th>
<th>Unrealized Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$300,000</td>
<td>$304,568</td>
<td>$4,568</td>
</tr>
</tbody>
</table>
Note 4 - INVESTMENTS (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market</th>
<th>Excess of Market Value Over Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances as of December 31, 2010</td>
<td>$ 300,000</td>
<td>$ 304,568</td>
<td>$ 4,568</td>
</tr>
<tr>
<td>Balances as of December 31, 2009</td>
<td>$ 400,000</td>
<td>$ 408,491</td>
<td>8,491</td>
</tr>
<tr>
<td>Decrease in unrealized appreciation</td>
<td></td>
<td></td>
<td>$ (3,923)</td>
</tr>
</tbody>
</table>

Investment return as of December 31, 2010 is summarized as follows:

- Interest income: $ 14,397
- Net unrealized loss: (3,923)

Total investment income: $ 10,474

Note 5 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation uses the market approach for valuing 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.
Note 5 - FAIR VALUE MEASUREMENTS (Continued)

As of December 31, 2010, assets measured at fair value on a recurring basis are comprised of and determined as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Assets Measured at Fair Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Other Observable Inputs (Level 2)</th>
<th>Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$ 304,568</td>
<td>$ 304,568</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Note 6 - PROPERTY AND EQUIPMENT

Property and equipment includes the following as of December 31, 2010:

Computer equipment $ 13,317
Furniture and fixtures 2,183

Less: accumulated depreciation (8,448)

Net property and equipment $ 7,052

Depreciation for the year ended December 31, 2010 was $3,100.

Note 7 - BOARD DESIGNATED NET ASSETS

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

Note 8 - RESTRICTION ON ASSETS

The Foundation had temporary restricted net assets of $156,423 as of December 31, 2010 which consists of state grants restricted for a specific purpose.

Note 9 - GRANTS

The Foundation and the Louisiana Department of Health and Hospitals ("LDNI") 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 performed by LDNI, if any, would not have a material impact on the financial statements.
Note 9 - GRANTS (Continued)

For the year ended December 31, 2010, the Foundation received $244,650 of grant funding from the Louisiana Department of Health and Hospitals. Funding received from the Primary Care Access and Stabilization Grant ("PCASG") totaled $88,227 and the Greater New Orleans Community Health Connection Urgent Sustainability Payments totaled $156,423. Funding received from these grants was approximately 30% of revenue (excluding in-kind support) for the year ended December 31, 2010. All funding from the PCASG is required to be maintained in a separate bank account.

Note 10 - IN-KIND SUPPORT

The fair value of in-kind support and the corresponding expenses for the year ended December 31, 2010 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and management fees</td>
<td>$137,273</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>95,950</td>
</tr>
<tr>
<td>Medical staff services</td>
<td>236,967</td>
</tr>
<tr>
<td>Professional fees</td>
<td>117,594</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$733,284</strong></td>
</tr>
</tbody>
</table>

The President and Vice President of the Board of Directors work substantially full time for the Foundation without compensation. The value of the services provided by them during 2010 was $345,000, which is included above as administrative and management fees, development and consulting expenses, and medical staff services.

Note 11 - LEASE COMMITMENT

The Foundation leases its office space from a related party under a one year operating lease agreement that began on August 1, 2009 and was renewed on August 1, 2010. Monthly lease payments are $2,429 and future minimum payments under this operating lease total $17,003. Rent expense totaled $125,096 for the year ended December 31, 2010, including $95,950 of in-kind rent.

Note 12 - 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.