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**FESTIVAL INTERNATIONAL
DE LOUISIANE, INC.**
Lafayette, Louisiana

Financial Report

Years Ended August 31, 2007 and 2006

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 4/9/08

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Festival International de Louisiane
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Festival International de Louisiane, Inc. (a nonprofit organization) as of August 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Festival International de Louisiane, Inc., as of August 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years 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 a report dated February 21, 2008, on our consideration of Festival International de Louisiane, Inc.'s internal control over financial reporting and on 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 should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of *Festival International de Louisiane, Inc.* taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 21, 2008

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Financial Position
August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 199,895	\$ 119,000
Accounts receivable	16,566	14,914
Prepaid expense	-	1,417
Inventory	<u>9,764</u>	<u>11,727</u>
Total current assets	226,225	147,058
FIXED ASSETS		
Furniture and equipment (net of accumulated depreciation of \$10,014 and \$10,430 as of 2007 and 2006, respectively)	1,640	3,870
OTHER ASSETS		
Trademark	<u>535</u>	<u>535</u>
TOTAL ASSETS	<u>\$ 228,400</u>	<u>\$ 151,463</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,205	\$ 4,173
Accrued liabilities	<u>3,730</u>	<u>4,605</u>
Total current liabilities	4,935	8,778
NET ASSETS		
Unrestricted	<u>223,465</u>	<u>142,685</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 228,400</u>	<u>\$ 151,463</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Activities
Years Ended August 31, 2007 and 2006

	2007	2006
CHANGES IN UNRESTRICTED NET ASSETS		
Support:		
Contributions	\$ 277,268	\$ 253,919
Grants	90,266	80,887
In-kind contributions	<u>562,970</u>	<u>457,500</u>
Total unrestricted support	<u>930,504</u>	<u>792,306</u>
Revenue:		
Sales and admissions, net of direct expenses	372,961	316,368
Interest	1,424	852
Miscellaneous	<u>7,589</u>	<u>4,284</u>
Total unrestricted revenue	<u>381,974</u>	<u>321,504</u>
Total support and revenue	<u>1,312,478</u>	<u>1,113,810</u>
EXPENSES		
Program services:		
Artists' fees and expenses	222,932	218,371
Production	432,533	398,677
Marketing and promotion	447,459	340,719
Support services	<u>128,774</u>	<u>136,016</u>
Total expenses	<u>1,231,698</u>	<u>1,093,783</u>
Increase in unrestricted net assets	80,780	20,027
NET ASSETS, beginning of year	<u>142,685</u>	<u>122,658</u>
NET ASSETS, end of year	<u>\$ 223,465</u>	<u>\$ 142,685</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Cash Flows
Years Ended August 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 80,780</u>	<u>\$ 20,027</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,074	2,597
Loss on disposal of assets	152	-
Changes in current assets and liabilities -		
Increase in receivables	(1,652)	(10,817)
Decrease in prepaid expense	1,417	2,020
Decrease (Increase) in inventory	1,963	(1,845)
(Decrease) Increase in accounts payable	(2,968)	2,498
(Decrease) Increase in accrued liabilities	(871)	45
Decrease in unearned revenue	-	(1,760)
Total adjustments	<u>115</u>	<u>(7,262)</u>
Net cash provided by operating activities	80,895	12,765
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>-</u>	<u>(1,000)</u>
Net increase in cash and cash equivalents	80,895	11,765
CASH AND CASH EQUIVALENTS, beginning of year	<u>119,000</u>	<u>107,235</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 199,895</u>	<u>\$ 119,000</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements

(1) Nature of Activities

Festival International de Louisiane, Inc. (Festival) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Francophone festival of performing and visual arts. The Festival is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization's main source of revenue is from donations and proceeds from the festival.

(2) Summary of Significant Accounting Policies

A. Basis of Accounting

The Festival reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how these long-lived assets must be maintained, the Festival reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from ticket sales is recorded in the year services are rendered. Advertising costs are expensed in the year in which they are incurred.

B. Donated Services

The estimated fair value of the donated use of facilities and other assets owned by others, and the estimated fair value of measurable contributed services, which constitute a part of the normal program or services that would otherwise be performed by paid personnel, are recorded. However, the value for other donated services is not recorded by the Festival since no objective basis is available to measure the value of such services. There are a number of volunteers who donate significant amounts of time in the planning and production of the festival.

C. Fixed Assets

It is the Organization's policy to capitalize all furniture and equipment. Purchased furniture and equipment is capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Income Taxes

The Festival is a non-profit organization and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

E. Statement of Cash Flows

The Festival considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. Inventory

Inventory, which consists of festival flags, pins, posters and T-shirts is valued at the lower of cost or market.

G. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Contributions

All commitments of contributions are considered receivable within one year.

(3) Concentration of Credit Risk

The Festival's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$100,000. Amounts in excess of insured limits were approximately \$105,056 at August 31, 2007.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Fair Values of Financial Instruments

The Festival's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, other receivables and accounts payable. The Festival estimates that the fair value of all financial instruments at August 31, 2007 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Festival using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Festival could realize in a current market exchange.

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statement of Functional Expenses
Year Ended August 31, 2007
With Comparative Totals for the Year Ended August 31, 2006

	Artist's Fees and Expenses	Production	Marketing and Promotion	Support Services	Totals	
					2007	2006
Salaries	\$ -	\$ 33,750	\$ 35,262	\$ 18,826	\$ 87,838	\$ 71,225
Professional fees	134,189	60,798	750	3,005	198,742	185,427
Outside services and fees	6,630	-	1,971	53,793	62,394	77,988
Supplies	-	9,952	-	3,453	13,405	9,367
Telephone and utilities	-	-	-	7,358	7,358	6,980
Postage and shipping	153	164	-	3,692	4,009	3,716
Payroll taxes	-	2,374	2,510	1,853	6,737	5,349
Rental of property and equipment	-	123,041	-	3,300	126,341	106,443
Printing and publications	-	3,751	14,167	780	18,698	19,016
Transportation and other services	27,598	-	-	-	27,598	30,594
Hospitality	20,376	86,945	-	-	107,321	88,078
Meals and lodging	26,320	6,460	-	12,289	45,069	41,277
Advertising and promotion	761	-	388,638	-	389,399	296,437
Research	-	-	-	4,355	4,355	1,059
Sound and lighting	-	67,760	-	-	67,760	67,315
Licenses	2,550	-	-	-	2,550	2,546
Electrical	-	11,334	-	-	11,334	19,204
Insurance	-	21,600	-	12,002	33,602	33,179
Decorations and signage	-	4,225	1,994	-	6,219	7,619
Photography	-	-	1,500	-	1,500	2,200
Depreciation	-	-	-	2,074	2,074	2,597
Other	4,355	379	667	1,994	7,395	16,167
	<u>\$ 222,932</u>	<u>\$ 432,533</u>	<u>\$ 447,459</u>	<u>\$ 128,774</u>	<u>\$ 1,231,698</u>	<u>\$ 1,093,783</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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
Festival International de Louisiane
Lafayette, Louisiana

We have audited the financial statements of Festival International de Louisiane, Inc. (a nonprofit organization), as of and for the year ended August 31, 2007, and have issued our report thereon dated February 21, 2008. 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 Festival International de Louisiane, Inc.'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 Festival International de Louisiane's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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 organization's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Festival International de Louisiane, Inc.'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.

This report is intended solely for the information of the Festival International de Louisiane, Inc.'s management and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 21, 2008

FESTIVAL INTERNATIONALE DE LOUISIANE
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended August 31, 2007

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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CURRENT YEAR (8/31/07) --

Compliance

There were no compliance findings to be reported.

Internal Control:

There were no matters involving the internal control over financial reporting to be reported.

PRIOR YEAR (8/31/06) --

Compliance

There were no compliance findings to be reported.

Internal Control:

There were no matters involving the internal control over financial reporting to be reported.