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**ARTS and HUMANITIES COUNCIL OF  
SOUTHWEST LOUISIANA  
Lake Charles, Louisiana**

**Financial Statements  
August 31, 1999 and 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 7 5 2000

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## **BROUSSARD & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.**

### **INDEPENDENT AUDITOR'S REPORT**

*Board of Directors*  
Arts and Humanities Council of  
Southwest Louisiana  
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Arts and Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 1999 and 1998, and the statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 Arts and Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 1999 and 1998, and the changes in its net assets and cash flows for the years then ended, in conformity with generally accepted accounting principles.

*Broussard & Company*

Lake Charles, Louisiana  
February 29, 2000  
/dkb

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**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Statements of Financial Position**  
**August 31,**

	1999	1998
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 89,318	\$ 82,255
Grants receivable	15,710	-
Accounts receivable	1,204	-
Prepaid expenses	721	407
Inventory	635	1,334
Total Current Assets	107,588	83,996
<b>Noncurrent Assets</b>		
Office furniture and equipment	15,801	14,086
Accumulated depreciation	(10,685)	(8,103)
Total Noncurrent Assets	5,116	5,983
<b>TOTAL ASSETS</b>	\$ 112,704	\$ 89,979
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,509	\$ 13,958
Regrants payable	45,448	32,028
Payroll taxes payable	1,762	1,753
Accrued payroll payable	5,893	6,474
Total Liabilities	59,612	54,213
<b>Net Assets</b>		
Unrestricted	53,092	35,766
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 112,704	\$ 89,979

See Notes to Financial Statements.

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Statements of Activity**  
**For the Years Ended August 31,**

	1999	1998
<b>REVENUES AND OTHER SUPPORT</b>		
Memberships	\$ 23,809	\$ 25,665
Contributions	255	425
Fund raising	11,633	9,301
Arts camp	47,190	44,119
Grants	250,758	239,709
Interest income	1,829	2,819
Special projects	7,589	550
Gift shop sales	7,838	5,158
Less-Gift shop costs of sales	(6,672)	(4,886)
Miscellaneous income	3,282	-
	347,511	322,860
<b>PROGRAM SERVICES</b>		
Arts & Humanities Program	117,835	101,588
Decentralized Arts Program	153,385	166,648
Special projects	5,666	-
	276,886	268,236
<b>SUPPORT SERVICES</b>		
General and administrative	41,161	35,265
Fund raising	12,137	11,891
	53,298	47,156
Increase (Decrease) in Unrestricted Net Assets	17,327	7,468
<b>NET ASSETS, BEGINNING</b>	35,765	28,297
<b>NET ASSETS, ENDING</b>	\$ 53,092	\$ 35,765

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Statement of Functional Expenses**  
**Years Ended August 31,**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>1999 Total</u>	<u>1998 Total</u>
Salaries	\$ 46,382	\$ 19,266	\$ 5,709	\$ 71,357	\$ 63,233
Payroll taxes	3,669	1,524	452	5,644	4,837
Arts camp	46,194	-	-	46,194	42,350
Bank charges	-	251	-	251	151
Depreciation	-	2,582	-	2,582	2,078
Fund raising	-	-	4,769	4,769	5,168
Insurance	-	5,216	-	5,216	2,662
Interest	-	-	-	-	-
Legal and professional	342	3,078	-	3,420	3,036
Marketing	-	944	-	944	-
Membership/subscription	1,559	520	-	2,078	1,505
Miscellaneous	-	733	-	733	647
Panel meetings	887	-	-	887	1,023
Printing	4,260	237	237	4,733	4,810
Professional development	1,445	161	-	1,605	555
Postage	3,109	777	-	3,886	2,045
Regrants	153,385	-	-	153,385	166,648
Public relations	-	-	-	-	881
Rent expense	-	3,606	-	3,606	4,581
Repairs and maintenance	564	338	225	1,127	1,501
Special projects	5,666	-	-	5,666	-
Supplies	2,237	746	746	3,728	3,685
Telephone	1,183	1,183	-	2,366	1,772
Travel	5,247	-	-	5,247	1,208
Workshop/training	760	-	-	760	1,017
<b>Total Expense</b>	<b>\$ <u>276,886</u></b>	<b>\$ <u>41,161</u></b>	<b>\$ <u>12,137</u></b>	<b>\$ <u>330,184</u></b>	<b>\$ <u>315,393</u></b>

See Notes to Financial Statements.

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Statement of Cash Flows**  
**Years Ended August 31,**

	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from supporters, grants, and programs	\$ 337,269	\$ 324,927
Cash paid to employees, suppliers, and for programs	(192,070)	(140,005)
Regrants paid	(139,965)	(172,805)
Interest income	1,829	2,819
	<u>7,063</u>	<u>14,936</u>
<b>Net Cash Provided by Operating Activities</b>	<b>7,063</b>	<b>14,936</b>
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>82,255</u>	<u>67,319</u>
Ending	<u><u>89,318</u></u>	<u><u>82,255</u></u>
 <b>RECONCILIATION OF REVENUE AND OTHER SUPPORT OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Increase (decrease) in unrestricted net assets	17,327	7,468
Adjustments to reconcile changes in excess of revenue and support over expenses to net cash provided by operating activities:		
Depreciation	2,582	2,078
(Increase) in fixed assets	(1,715)	(1,289)
Increase in receivables	(16,914)	-
(Increase) decrease in inventory	699	(1,333)
Decrease (increase) in prepaid expenses	(314)	3
Increase (decrease) in accounts and payroll taxes payable	(8,022)	15,255
Increase (decrease) in grants payable	13,420	(6,157)
Increase (decrease) in capital leases payable	-	(1,089)
	<u>7,063</u>	<u>14,936</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ <u><u>7,063</u></u></b>	<b>\$ <u><u>14,936</u></u></b>

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**August 31, 1999 and 1998**

*Note 1 - Organization and Purpose*

The Arts and Humanities Council of Southwest Louisiana (Council), formerly The Calcasieu Arts and Humanities Council, Inc., is a nonprofit corporation organized under the laws of the State of Louisiana to coordinate, undertake, promote, develop, support, encourage, advance and conduct charitable, cultural, educational, leisure time, creative, historical and artistic activities; to unite those of the community who are members of the arts, or business and industry, and of the humanitarian and educational fields in the promotion, support, development and encouragement of these activities. The Council is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Council are qualified as charitable donations. In March, 1995, the Council changed its name from The Calcasieu Arts and Humanities Council, Inc. to Arts and Humanities Council of Southwest Louisiana.

*Note 2 - Summary of Significant Accounting Policies*

The financial statements are prepared in accordance with generally accepted accounting principles utilizing the accrual basis of accounting.

The Council receives much of its revenues through grants from state agencies (Louisiana Division of the Arts), and community support for arts and humanities activities. All support is considered available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, when a stipulated time restriction 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. Pledges are recorded when the cash is received.

Expenses are recorded as incurred.

All financial transactions have been recorded and reported as changes to net assets (restricted and unrestricted) with identification by activity and functional categories.

Current unrestricted net assets are funds presently available for use by the Council at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such funds are classified as Board designated net assets.

The Council considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Depreciation of property and equipment is provided for over the useful life of each asset based on the straight-line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

Furniture and equipment	5 - 7 years
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**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**August 31, 1999 and 1998**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

No amounts have been reflected in the statements for donated services because these contributed services do not meet the criteria for revenue recognition and there is not objective basis available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Council's program services and its fund raising activities.

Inventory is stated at the lower cost (first-in, first-out) or market value.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Note 3 - Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. With respect to the statement of activities, such prior year information is not presented by net asset class, and in the statement of functional expenses, 1997 expenses by object are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended August 31, 1997, from which the summarized information was derived.

**Note 4- Office Furniture and Equipment**

Furniture and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended August 31, 1999 and 1998 totaled \$2,582 and \$2,078, respectively.

**Note 5 - Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs benefited and supporting activities based on management's analysis of the benefit received by supporting and program services. Direct program expenses are allocated 100% to program services.

**Note 6 - Rent Agreement**

The Council occupies its operating facility in rent free space donated by a supporter. This in-kind contribution is not reflected in the financial statements.

Continued

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**August 31, 1999 and 1998**

*Note 7 - Contingencies*

The Council receives a significant portion of its revenue from local and State grants which are subject to final review and approval by the respective grantor agencies as to allowability of expenditures. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the grantor agency and the Council. It is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would affect the Council's financial position.

*Note 8 - Economic Dependency*

As noted above, the Council receives much of its revenue from funds provided through grants administered by State agencies. The underlying funding is appropriated each year by the State government. If significant budget cuts are made at the State level, the amount of funding the Council receives could be reduced significantly and have an adverse impact on the Council's operations.



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## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Arts and Humanities Council of  
Southwest Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Arts and Humanities Council of Southwest Louisiana as of and for the periods ended August 31, 1999 and 1998, and have issued our report thereon dated February 29, 2000.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Arts and Humanities Council of Southwest Louisiana is the responsibility of Arts and Humanities Council of Southwest Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Arts and Humanities Council of Southwest Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Association had not complied, in all material respects, with those provisions.

This report is intended for the information of The Board of Directors, management, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Broussard & Company*

Lake Charles, Louisiana  
February 29, 2000  
/dkb

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## **BROUSSARD & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.**

### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Arts and Humanities Council of  
Southwest Louisiana  
Lake Charles, Louisiana

We have audited the financial statements of Arts and Humanities Council of Southwest Louisiana as of and for the periods ended August 31, 1999 and 1998, and have issued our report thereon dated February 29, 2000.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Arts and Humanities Council of Southwest Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Arts and Humanities Council of Southwest Louisiana for the periods ended August 31, 1999 and 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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Board of Directors  
Arts and Humanities Council of  
Southwest Louisiana  
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This report is intended for the information of The Board of Directors, management and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

*Broussard & Company*

Lake Charles, Louisiana  
February 29, 2000  
/dkb

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 1999**

**A. Summary of Independent Auditor's Results:**

1. Unqualified opinion on general purpose financial statements.
2. The audit did not disclose any reportable conditions in internal control.
3. The audit did not disclose any noncompliance which is material to the financial statements.

**ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA**  
**Lake Charles, Louisiana**  
**Summary of Prior Year Findings**  
**For the Year Ended August 31, 1999**

A. None disclosed per audit.