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LOUISIANA ALLIANCE FOR ARTS EDUCATION

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
REVIEWED
JUNE 30, 1999

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 OCT 13 1999

To the Board of Directors
Louisiana Alliance for Arts Education
Baton Rouge, Louisiana

We have reviewed the accompanying statement of financial position as of June 30, 1999 and the related statements of activities and functional expenses for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Louisiana Alliance for Arts Education.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

A statement of cash flows for the year ended June 30, 1999 has not been presented. Generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of activities.

September 30, 1999



Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Louisiana Alliance for Arts Education, the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about Louisiana Alliance for Arts Education's compliance with certain laws and regulations during the year ended June 30, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

There were no federal or local grants. State grants were as follows:

State Grant Name	Grant Year	No.	Amount
La. Division of the Arts	6/30/99	98584	\$45,000
La. Division of the Arts	6/30/99	99564	22,384
La. Division of the Arts	6/30/99	99185	16,150
La. Division of the Arts	6/30/99	99257	15,000
La. Decentralized Arts Funding	6/30/99	99021730	3,719
Total Expenditures			\$102,253

2. For each award, we randomly selected the lesser of all or 6 from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the disbursements supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the disbursements were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the disbursements received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from the Executive Director. Although this is in accordance with Board policy, a weakness exists in that the person approving the documentation is also the lone signature on the checks. There are however other controls that mitigate this weakness.

6. For the items selected in procedure 2: For state awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

We reviewed the selected disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

Eligibility

There were no eligibility requirements related to the grants awarded during the fiscal year ended June 30, 1999.

Reporting

We reviewed the previously listed disbursements for reporting requirements. All disbursements selected were properly reported on final reports provided to the grantors.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, with the entity's financial records to determine whether the amounts agree.

All of the disbursements selected were related to programs that were closed out during the period of our compilation. We compared the close-out reports for all programs listed under item 1 with the entity's financial records. The amounts reported on the close-out reports agreed to the entity's financial records.

Meetings

8. We have examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

For all grants included in item 1, budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.
1. Agendas of the board meetings were posted on the building's front door as an open meeting as required.
 2. Payroll checks made payable to the Executive Director were signed by a Board Member.
 3. Disbursements were classified by natural classification in addition to grant.

Current Year Recommendations

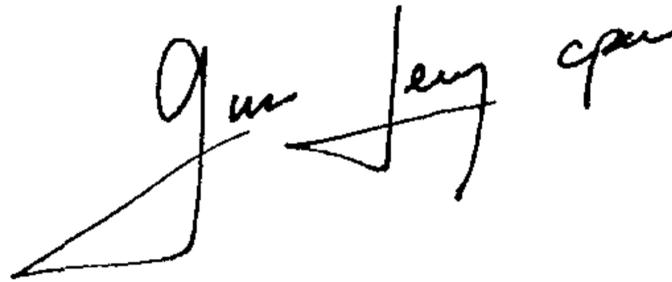
11. Improved documentation would be helpful for determining the allocation of expenses between Program, Management & General, and Fund Raising activities. The Executive Director should also keep a timesheet to facilitate the allocation as it relates to her salary.

Management is aware of these recommendations and has taken corrective action as of the date of this letter.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management and the Board of Louisiana Alliance for Arts Education, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

September 30, 1999

A handwritten signature in black ink, appearing to read "James J. Ferguson". The signature is written in a cursive style with a large initial "J" and "F".

LOUISIANA ALLIANCE FOR ARTS EDUCATION
STATEMENT OF FINANCIAL POSITION
(reviewed)
JUNE 30, 1999

ASSETS:

Cash and cash equivalents	\$ 20,355
Receivables from grantors	7,787
Other Receivable	716
Property and equipment (at cost less accumulated depreciation of \$283)	<u>848</u>
TOTAL ASSETS	\$ <u>29,706</u>

LIABILITIES:

Payroll tax liabilities	\$ 651
Unearned Grant Revenue	<u>25,466</u>
TOTAL LIABILITIES	<u>26,117</u>

NET ASSETS:

Unrestricted	\$ 3,234
Temporarily restricted	<u>355</u>
TOTAL NET ASSETS	<u>3,589</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>29,706</u>

See Accompanying Notes and Accountants' Review Report

LOUISIANA ALLIANCE FOR ARTS EDUCATION
STATEMENT OF ACTIVITIES
(reviewed)
YEAR ENDED JUNE 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Support from the public:			
DOA - Folklife-98	\$ 2,000	\$ 43,000	\$ 45,000
DOA - Folklife-99	-	22,384	22,384
DOA - State Initiative	-	16,150	16,150
Kennedy Center - General Operating	-	16,000	16,000
DOA - General Operating	-	15,000	15,000
DAF - Phi Mu	149	3,570	3,719
Kennedy Center -Teleconference	-	1,000	1,000
Kennedy Center- Planning	-	250	250
	<hr/> 2,149	<hr/> 117,354	<hr/> 119,503
Other revenue:			
Project Income	-	2,300	2,300
Membership dues	4,780	-	4,780
Workshop income	635	-	635
Contributions	255	-	255
	<hr/> 5,670	<hr/> 2,300	<hr/> 7,970
Net assets released from restrictions:			
Satisfaction of program restrictions	119,654	(119,654)	-
Expiration of time restrictions	-	-	-
	<hr/> 119,654	<hr/> (119,654)	<hr/> -
TOTAL REVENUES	<hr/> \$ 127,473	<hr/> -	<hr/> \$ 127,473
EXPENSES:			
Program	\$ 119,487	\$ -	\$ 119,487
Management & General	11,857	-	11,857
Fund Raising	3,044	-	3,044
	<hr/> 134,388	<hr/> -	<hr/> 134,388
TOTAL EXPENSES	<hr/> 134,388	<hr/> -	<hr/> 134,388
CHANGE IN NET ASSETS	<hr/> (6,915)	<hr/> -	<hr/> (6,915)
Net assets at beginning of year	<hr/> 10,149	<hr/> 355	<hr/> 10,504
Net assets at end of year	<hr/> \$ 3,234	<hr/> \$ 355	<hr/> \$ 3,589

See Accompanying Notes and Accountants' Review Report

LOUISIANA ALLIANCE FOR ARTS EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
(reviewed)
YEAR ENDED JUNE 30, 1999

	Arts Education Advocacy	Management and General	Fund Raising	Totals
Outside services	\$ 60,235	-	-	\$ 60,235
Salaries	28,000	5,250	1,750	35,000
Travel	10,011	-	-	10,011
Printing and copying	7,443	876	438	8,757
Supplies	5,967	701	351	7,019
Postage	2,431	304	304	3,039
Payroll taxes	2,142	402	134	2,678
Programs/Events	245	-	-	245
Professional fees	-	2,434	-	2,434
Conf/Dues/Sub	-	1,543	-	1,543
KC-Teleconference	1,000	-	-	1,000
Telephone	713	134	44	891
Volunteer support	630	-	-	630
Awards	420	-	-	420
KC-Planning	250	-	-	250
Depreciation	-	203	23	226
Bank fees	-	10	-	10
	<u>\$ 119,487</u>	<u>\$ 11,857</u>	<u>\$ 3,044</u>	<u>\$ 134,388</u>

See Accompanying Notes and Accountants' Review Report

LOUISIANA ALLIANCE FOR ARTS EDUCATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1999

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Alliance for Arts Education (L.A.A.E.) is a non-profit, non-stock corporation organized to gather insight and formulate state policy on arts education and to raise the level of qualified teachers in the arts. The organization gathers information and provides workshops to raise standards for teachers and artists. L.A.A.E. is supported primarily through grants from the State of Louisiana, Office of Cultural Development and Division of the Arts.

Revenue Recognition

For financial statement purposes, L.A.A.E. recognizes revenues and records expenses on the accrual basis of accounting. Under this method, revenue is recorded when grant requirements are met and expenses are recorded when incurred.

Receivables from Grantors

Receivables from grantors represent amounts earned as a result of fulfilling requirements of a grant, but not yet received. Management considers all receivables from grantors to be fully collectible. In-kind contributions are immaterial and not recorded for financial statement purposes.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight line method over the estimated useful lives of the assets.

Contributed Services

During the year ended June 30, 1999, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

LOUISIANA ALLIANCE FOR ARTS EDUCATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 1999

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

B. INCOME TAXES

L.A.A.E is exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code and from state income tax under Section 121 (5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the composition of its public support, the organization qualifies for non-private foundation status under Section 509 (a) (2) of the Internal Revenue Code; therefore, the organization's tax-exempt status extends to its net investment income.

C. PROPERTY AND EQUIPMENT

Property and equipment of \$849 as of June 30, 1999 consists solely of office equipment of \$1,132 less accumulated depreciation of \$283.

D. TEMPORARILY RESTRICTED ASSETS

L.A.A.E. has funds specifically restricted for the purpose of providing fellowships for teacher training. As of June 30, 1999, \$355 has been restricted for this purpose.

E. CONCENTRATION OF RISK

L.A.A.E. receives nearly ninety percent of its income from two grantors. Approximately seventy-five percent of its income is derived from the State of Louisiana -- Division of Arts. Decreases in state funding for Arts programs would have a significant impact on the ability of L.A.A.E. to carry out its activities at current levels.

LOUISIANA ALLIANCE FOR ARTS EDUCATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 1999

F. UNEARNED GRANT REVENUE

Unearned grant revenue represents grant funding that had been received during the fiscal year, but for which requirements under the grant have not yet been met. As of June 30, 1999, unearned grant revenue consisted of the following:

La. Division of Arts- Folklife	\$25,466.00
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LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

August 24, 1999

The Levy Company
1200 S. Acadian Thrwy Suite 210
Baton Rouge, LA 70806

In connection with your review of our financial statements as of June 30, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 24, 1999 (date of representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

_____ Secretary _____ Date

_____ Treasurer _____ Date

Fred L. Zeagle President 8/27/99 Date