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## JUNEBUG PRODUCTIONS, INC.

### FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

For the Years Ended  
June 30, 1999 and 1998

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 MAY 10 2000

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors  
Junebug Productions, Inc.

We have audited the accompanying statement of financial position of Junebug Productions, Inc. as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Junebug Productions, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Junebug Productions, Inc. as of and for the year ended June 30, 1998 were audited by other auditors whose report dated May 29, 1999 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards 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 Junebug Productions, Inc. as of June 30, 1999, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2000 on our consideration of Junebug Productions, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Junebug Productions, Inc. taken as a whole. The accompanying supplemental statement of functional expenses 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 audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Barry Lee, CPA*

*Certified Public Accountant*

Metairie, Louisiana  
March 16, 2000

**JUNEBUG PRODUCTIONS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 1999 and 1998

<b><u>ASSETS</u></b>	<u>1999</u>	<u>1998</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 12,234	\$ 31,616
Accounts Receivable	33,200	38,840
Grants Receivable	20,378	19,106
Employee Travel Advances	7,149	16,580
Total Current Assets	<u>\$ 72,961</u>	<u>\$ 106,142</u>
<b>FIXED ASSETS:</b>		
Furniture, fixtures & equipment	\$ 25,162	\$ 25,162
Less: accumulated depreciation	20,550	17,460
Net Fixed Assets	<u>\$ 4,612</u>	<u>\$ 7,702</u>
<b>OTHER ASSETS:</b>		
Restricted Cash & cash equivalents	\$ 16,299	\$ 15,961
Employee loan receivable	9,705	
Security depositis	744	744
Total Other Assets	<u>\$ 26,748</u>	<u>\$ 16,705</u>
<b>TOTAL ASSETS</b>	<b>\$ 104,321</b>	<b>\$ 130,549</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 48,806	\$ 39,107
Accrued Expenses	12,715	16,023
Employee Loan Payable	8,000	
Deferred Revenue	-	7,169
Total Current Liabilities	<u>\$ 69,521</u>	<u>\$ 62,299</u>
 <b><u>NET ASSETS</u></b>		
Unrestricted	\$ 18,501	\$ 52,289
Permanently restricted	16,299	15,961
Total Net Assets	<u>\$ 34,800</u>	<u>\$ 68,250</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 104,321</u></b>	<b><u>\$ 130,549</u></b>

See accompanying notes and accountant's report

**JUNEBUG PRODUCTIONS, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Increases:		
Individual Contributions	\$ 65	\$ 9,005
Foundation Contributions	152,604	227,600
Corporate Contributions	-	150
Co-presenting Subsidiaries	17,960	89,672
Governmental Grants:		
Federal	95,500	75,000
State and Local	97,179	144,059
Touring Income	121,094	67,129
Earned Fees	7,118	28,940
Miscellaneous Income	876	2,043
Interest and Investment Income	2,677	7,189
Total Increase in Unrestricted Net Assets	<u>\$ 495,073</u>	<u>\$ 650,787</u>
Decreases		
Program Expenses	\$ 437,843	\$ 539,657
General & Administrative	91,018	99,578
Total Decrease in Unrestricted Net Assets	<u>\$ 528,861</u>	<u>\$ 639,235</u>
Net Increase (Decrease) in Unrestricted Net Assets	\$ (33,788)	\$ 11,552
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>		
Net Investment Earnings	<u>\$ 338</u>	<u>\$ 1,304</u>
Net Increase in Permanently Restricted Net Assets	<u>\$ 338</u>	<u>\$ 1,304</u>
<b>DECREASE IN NET ASSETS</b>	\$ (33,450)	\$ 12,856
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>\$ 68,250</u>	<u>\$ 55,394</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 34,800</u></u>	<u><u>\$ 68,250</u></u>

See accompanying notes and accountant's report

**JUNEBUG PRODUCTIONS, INC.**  
**STATEMENT OF CASH FLOWS**  
June 30, 1999 and 1998

	1999	1998
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (33,450)	\$ 12,856
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,090	3,929
Decrease (increase) in operating assets:		
Accounts receivable	5,640	8,844
Grants receivable	(1,272)	5,050
Prepaid expenses	-	1,230
Employee travel advances	9,431	(5,257)
Employee loans receivable	(9,705)	
Increase (decrease) in operating liabilities:		
Accounts payable	9,699	20,354
Accrued expenses	(3,308)	6,427
Employee loans payable	8,000	
Deferred revenue	(7,169)	(67,831)
<b>Net Cash Used By Operating Activities</b>	<b>\$ (19,044)</b>	<b>\$ (14,398)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	\$ -	\$ (3,863)
<b>Net Cash Used By Investing Activities</b>	<b>\$ -</b>	<b>\$ (3,863)</b>
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	<b>\$ (19,044)</b>	<b>\$ (18,261)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>\$ 47,577</b>	<b>\$ 65,838</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>\$ 28,533</b>	<b>\$ 47,577</b>

See accompanying notes and accountant's report

JUNEBUG PRODUCTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 1999 and 1998

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Founded in 1980 as a not-for-profit organization under Internal Revenue Code Section 501(c)(3), New Orleans based Junebug Productions, Inc.'s mission is to create, present, and support the development of high-quality artistic work that supports and encourages African-Americans in the Black Belt South to improve the quality of life available to them.

BASIS OF ACCOUNTING

Junebug Productions, Inc. prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendation 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, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

ACCOUNTS RECEIVABLE

All accounts receivable at June 30, 1999 and 1998 are considered collectible; accordingly, an allowance for doubtful accounts is not presented.

# JUNEBUG PRODUCTIONS, INC.

## NOTES TO FINANCIAL STATEMENTS (continued)

For the Years Ended June 30, 1999 and 1998

### FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment are stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The useful lives range from 5 to 7 years.

### DEFERRED REVENUE

Deferred revenue in the unrestricted fund results from current year contributions and grants made to support the following years' activities. Deferred revenue in the restricted funds results from contributions, grants and other income which have been restricted by the donor for a specific purpose. Revenue in the restricted funds is recognized only to the extent that related expenses have been incurred.

### RESTRICTED CONTRIBUTIONS

Restricted contributions whose restrictions are met during the year of receipt are reported on the statement of activities as increases in unrestricted net assets. Restricted contributions whose restrictions are not met during the year of receipt are reported on the statement of activities as increases in temporarily restricted or permanently restricted net assets.

### NOTE 2: CASH AND CASH EQUIVALENTS

Cash equivalents consist primarily of investments in asset management funds. These funds primarily invest in low-risk bond securities. Securities are stated at cost. The market value of cash and equivalents is not materially different from cost at June 30, 1999 and 1998.

JUNEBUG PRODUCTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
For the Years Ended June 30,1999 and 1998

NOTE 3: CHANGES IN DEFERRED REVENUE

A summary of deferred revenue follows:

	<u>Unrestricted Use Funds</u>
Balance at July 1, 1997	\$ 75,000
Contributions and grants	7,169
Revenue recognized in fiscal year ended June 30, 1998	<u>75,000</u>
Balance at June 30, 1998	\$ 7,169
Revenue recognized in fiscal year ended June 30 1999	<u>7,169</u>
Balance at June 30, 1999	-

NOTE 4: INCOME TAXES

The Organization is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, accordingly, income taxes are not presented in these financial statements.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Grants and contributions require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors.

Junebug Productions, Inc. has participated in a Federally assisted grant program with the National Endowment for the Arts. This program is subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.



JUNEBUG PRODUCTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
For the Years Ended June 30, 1999 and 1998

NOTE 6: RESTRICTIONS ON NET ASSETS

	<u>1999</u>	<u>1998</u>
GNOF Endowment Fund	<u>16,299</u>	<u>15,961</u>
Total permanently restricted net assets	\$ <u>16,299</u>	\$ <u>15,961</u>

NOTE 7: RECLASSIFICATIONS

*Certain reclassifications have been made in the June 30, 1998 financial statements to conform them to the June 30, 1999 presentation. These reclassifications had no effect on the net assets or the changes in net assets.*

NOTE 8: RELATED PARTY TRANSACTIONS

The organization contracted with a booking agency owned by Junebug Productions, Inc.'s Treasurer. Commissions and fees paid to the booking agency by the organization were approximately \$35,000 and \$20,000 for the fiscal years ended June 30, 1999 and 1998 respectively.

The President of Junebug Productions, Inc. had outstanding loans and travel advances payable to the organization totaling approximately \$16,000 and \$16,000 as of June 30, 1999 and 1998 respectively.

The organization had a loan payable to one of its Board of Directors members in the amount of \$8,000 as of June 30, 1999.

## **SUPPLEMENTAL INFORMATION**

**JUNEBUG PRODUCTIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Artists Fees	\$ 73,692	\$ 114,485
Booking Fees	35,629	20,380
Casual Labor	-	1,815
Dues & Subscriptions	2,492	3,681
Depreciation	3,090	3,929
Employee Benefits	13,141	12,548
Equipment Rental	1,136	5,986
Insurance	5,512	6,255
Miscellaneous	2,329	18,314
Office Expense	4,047	12,586
Payroll Taxes	16,138	20,410
Postage	1,841	5,860
Printing	5,482	13,518
Professional Fees	95,379	82,300
Performance Space Rent	2,048	1,570
Repairs & Maintenance	542	2,794
Rent	7,875	9,056
Salaries	172,445	232,989
Sets/Props/Costumes	1,328	2,631
Travel	77,846	63,160
Utilities	6,869	4,968
	<u>\$ 528,861</u>	<u>\$ 639,235</u>

See accompanying notes and accountant's report

## COMPLIANCE AND INTERNAL CONTROL

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Junebug Productions, Inc.

We have audited the financial statements of Junebug Productions, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated March 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Junebug Productions, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 a material instance of noncompliance that is required to be reported under Government Auditing Standards and which is described on the Schedule of Findings as item 99-F1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Junebug Productions, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter, which is described in the *Schedule of Findings as item 99-F2 involving the internal control over financial reporting and its operation* that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Junebug Productions, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above as item 99-F2 to be a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Barry Lee, CPA*

Certified Public Accountant

Metairie, Louisiana  
March 26, 2000

# JUNEBUG PRODUCTIONS, INC.

## SCHEDULE OF FINDINGS For the Year Ended June 30, 1999

### **PART I – Summary of the Auditors' Results**

#### **Financial Statement Audit**

- a) The type of audit opinion issued was unqualified
- b) There was one instance of noncompliance considered material to the financial statements, as defined by the Government Auditing Standards.
- c) There was one reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- d) The reportable condition disclosed was considered to be a material weakness as defined by Government Auditing Standards.
- e) A management letter was not issued

### **PART II – Findings related to the financial statements which are required to be reported in accordance with Generally Accepted government Auditing Standards:**

**Reference number and title:**                      99-F1                      **Late Filing of Audit Report**

**Criteria or specific requirement:** Louisiana statute LSA-RS 24:514 requires the organization to submit sworn annual financial statements that comply with generally accepted accounting principles to the legislative auditor within ninety days after the close of the fiscal year.

**Condition found:** The organization did not submit the financial report within the statutory time frame.

**Possible cause:** The organization's bookkeeping was behind several months at the end of fiscal year ending June 30, 1999 because of personnel cutbacks that occurred during the fiscal year. The organization was unable to produce financial statements in accordance with generally accepted accounting principles until the bookkeeping was brought up to date.

**Recommendation to prevent future occurrence:** Contract a part time bookkeeper or accounting firm to maintain the books in a timely manner.

**Reference number and title:**                      99-F2                      **Delinquent Accounting**

**Criteria or specific requirement:** Bookkeeping and bank reconciliations should be performed in a timely manner, as an internal control over cash.

**Condition found:** The organization's bookkeeping and bank account reconciliations were several months behind at the end of fiscal year ending June 30, 1999, which caused delays in management decisions, grant applications, completion of year end financial statements, as well as diminished internal control over cash.

**Possible cause:** The organization's bookkeeping and bank reconciliations were several months behind at the end of fiscal year ending June 30, 1999 because of personnel cutbacks that occurred during the fiscal year.

**Recommendation to prevent future occurrence:** Contract a part time bookkeeper or accounting firm to maintain the bookkeeping and bank reconciliations in a timely manner.

## OTHER INFORMATION

The information in the following section concerns management's actions or intentions concerning prior and current year audit findings. This information has been prepared by the management of Juncbug Productions, Inc. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors and, accordingly, no opinion is expressed.



JUNEBUG PRODUCTIONS, INC.  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30,1999

**Title:** Late filing of audit report

**Initially occurred:** June 30, 1997

**Condition:** This item is considered unresolved and has been repeated in the current year Schedule of Findings as item 99-F1.

**JUNEBUG PRODUCTIONS, INC.**

**Corrective Action Plan for Current Year Findings  
For the Year Ended June 30,1999**

**Reference number and title:**                      **99-F1**                      **Late Filing of Audit Report**

**Condition:** The organization did not submit its financial report to the legislative auditor within the statutory time frame.

**Corrective action taken/planned:** The organization has contracted a part time bookkeeper to maintain the books in a timely manner, which should enable the organization to submit its financial report to the legislative auditor within the statutory time frame.

**Person responsible for corrective action:**

Mr. John O'Neal, President                      Telephone: (504) 524-8257  
Junebug Productions, Inc.  
P.O. Box 2331  
New Orleans, LA 70176

**Anticipated completion date:** During fiscal year ending June 30, 2000

**Reference number and title:**                      **99-F2**                      **Delinquent Accounting**

**Condition:** The organization's bookkeeping and bank account reconciliations were several months behind at the end of fiscal year ending June 30, 1999, which caused delays in management decisions, grant applications, completion of year end financial statements, as well as diminished internal control over cash.

**Corrective action taken/planned:** The organization has contracted a part time bookkeeper to maintain the bookkeeping and bank reconciliations in a timely manner

**Person responsible for corrective action:**

Mr. John O'Neal, President                      Telephone: (504) 524-8257  
Junebug Productions, Inc.  
P.O. Box 2331  
New Orleans, LA 70176

**Anticipated completion date:** During fiscal year ending June 30, 2000