

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Notes Payable

Notes payable is comprised of a multiple advance note dated June 1, 1986 in the amount of \$94,800 for the publishing costs of its tenth anniversary book. The annual interest rate is 9.23% and the maturity date is December 1, 1996. The note payable balance is \$47,713 at August 31, 1988.

(5) Grants

During 1988, the Festival was awarded several grants from the Louisiana Division of the Arts totaling \$24,500.

(6) Litigation and Claims

Festival International de Louisiane is involved in a lawsuit claiming damages. In the opinion of Festival International de Louisiane's legal counsel, resolution of this lawsuit would not create a liability in excess of insurance coverage.

(7) Fair Values of Financial Instruments

The Festival's financial instruments, some of which are held for trading purposes, include cash, grants receivable, accounts payable and a note payable. The Festival estimates that the fair value of all financial instruments at August 31, 1988 does not differ materially from the aggregate carrying values of its financial instruments reported in the accompanying statements 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.

(8) Report Classification

Certain previously reported amounts for the year ended August 31, 1988 have been reclassified to conform to the August 31, 1988 classifications.

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Revenue from ticket sales is recorded in the year services are rendered.

C. Inventory

Inventory consist of design, production, and editing cost for published anniversary books. The books are stated at the lower of cost or market.

D. 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.

E. Fixed Assets

Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

F. 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.

G. 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.

(3) Inventory

Anniversary books at August 31, 1998 consisted of 2,452 softcover, 40 hardcover, and 47 in assignment at a total cost of \$16,359.

GENERAL INFORMATIONAL RESEARCH
 Subjects, Limited

Statement of Functional Expenses
 Year Ended August 31, 1976
 With Comparative Totals for the Year Ended August 31, 1975

	Expense Services		Support Services	Totals
	1976	1975		
	\$	\$		
Salaries	59,126	57,884	429,852	486,862
Professional fees	14,008	399	1,750	16,157
Outside rentals and fees	3,068	8,978	1,864	13,910
Conference expenses	1,478	849	4,388	6,715
Supplies	-	-	6,822	6,822
Telephone and utilities	-	332	3,263	3,595
Postage and shipping	-	-	4,283	4,283
Travel costs	1,317	21,883	3,256	25,456
Rentals of property and equipment	-	2,353	1,848	4,201
Printing and publications	39,219	-	-	39,219
Transportation and other services	-	-	752	752
Business expenses	38,434	14,092	66	52,592
Builds and lodging	-	644	-	644
Advertising and promotion	-	27,718	-	27,718
Sound and lighting	1,987	-	-	1,987
Licenses	-	6,113	-	6,113
Electronics	-	-	4,349	4,349
Bad debt expense	-	-	-	-
Insurance	-	-	6,256	6,256
Duplications and signs	-	8,424	-	8,424
Photography	-	390	-	390
Deposit books	-	-	425	425
Other	-	-	3,822	3,822
	\$158,318	\$128,829	\$98,732	\$385,879
				\$704,413

INTERNAL CONTROL AND COMPLIANCE

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

1986

7 LAFAYETTE ST.
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NEW ORLEANS, LA
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MEMO

Pages 8 (Revised 1/24/1986)

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

MEMO TO THE BOARD OF DIRECTORS
FESTIVAL INTERNATIONAL DE LOUISIANE
LAFAYETTE, LOUISIANA
DATE: NOVEMBER 27, 1986
SUBJECT: COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

TO: BOARD OF DIRECTORS
FESTIVAL INTERNATIONAL DE LOUISIANE
LAFAYETTE, LOUISIANA

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GOVERNMENT AUDITING STANDARDS

TO: BOARD OF DIRECTORS
FESTIVAL INTERNATIONAL DE LOUISIANE
LAFAYETTE, LOUISIANA

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

We have audited the financial statements of the Festival International de Louisiane (a nonprofit organization), as of and for the years ended August 31, 1984 and 1985 and have issued our report thereon dated November 27, 1986.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards 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 the Festival International de Louisiane is the responsibility of the Festival's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Festival's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audits of the financial statements 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 27, 1986

ISSUED BY
MEMBERS OF THE
FEDERAL BOARD OF
CERTIFIED ACCOUNTANTS
IN THE STATE OF LOUISIANA
(CERTIFIED PUBLIC ACCOUNTANTS)

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 could 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.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sims, Kofler, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 17, 1994

BARNALL, BIKES, KOLDER, FREDERICK & RAINY

INCORPORATED IN THE STATE OF MISSISSIPPI

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MEMO

August 1, 1984

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 1, 1984
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To the Board of Directors
Festival International de Louisiane
Lafayette, Louisiana

We have audited the financial statements of the Festival International de Louisiane (a nonprofit organization), as of and for the years ended August 31, 1984 and 1983, and have issued our report thereon dated November 27, 1984.

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

The management of the Festival International de Louisiane 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 recorded 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 audits of the financial statements of the Festival International de Louisiane, for the years ended August 31, 1984 and 1983, 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.

OFFICE OF
INTERNAL CONTROL
AND
GOVERNMENT AUDITING STANDARDS
UNITED STATES DEPARTMENT OF COMMERCE
WASHINGTON, D.C. 20540

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Cash Flows
Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,544	\$ 13,633
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	485	486
Changes in current assets and liabilities -		
Decrease (Increase) in receivables	3,734	(2,328)
Increase in prepaid expenses	(3,481)	-
Increase in inventory	(56,363)	-
Increase in accounts payable	18,812	7,368
Increase in accrued liabilities	833	2,806
Total adjustments	<u>(83,271)</u>	<u>(8,328)</u>
Net cash provided (used) by operating activities	<u>(67,727)</u>	<u>(21,581)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(11,000)</u>	<u>(11,000)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from note payable	50,800	-
Payment on of principal on note payable	<u>(32,373)</u>	<u>-</u>
Net cash provided by financing activities	<u>18,427</u>	<u>-</u>
Net increase in cash and cash equivalents	34,889	38,981
CASH AND CASH EQUIVALENTS, beginning of year	<u>26,333</u>	<u>13,355</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 61,222</u>	<u>\$ 52,336</u>
Supplemental data:		
Interest paid	<u>\$ 302</u>	<u>\$ -</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 (Festival) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Transcendental Festival of performing and visual arts. The Festival is exempt from income taxes under Section 501(c)(13) of the Internal Revenue Code.

2) Summary of Significant Accounting Policies

A. Financial Statement Presentation

In 1996, the Festival elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", early. Under SFAS No. 117, the Festival 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. As provided by this new statement, the Festival has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

B. Basis of Accounting

The Festival also elected to adopt SFAS No. 116 "Accounting for Contributions Received and Contributions Made", in 1996. In accordance with SFAS No. 116, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Those donor-restricted contributions whose restrictions, however, are met in the same reporting period are reported as unrestricted support. This new statement had no effect on the Festival's change in net assets for 1995.

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 aspirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FRUITFUL INTERNATIONAL DE LOUISIANA
Baton Rouge, Louisiana

Statements of Financial Position
August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
CURRENT ASSETS		
Cash		
Receivables:	\$ 89,324	\$ 84,335
Gross		
Allowance	1,800	7,305
Inventory	24,503	-
Prepaid expense	3,461	-
Total current assets	<u>117,488</u>	<u>87,035</u>
FIXED ASSETS		
Furniture and equipment (net of accumulated depreciation of \$7,954 and \$8,329 as of 1996 and 1995, respectively)	3,310	3,394
OTHER ASSETS		
Trademark	335	335
TOTAL ASSETS	<u>\$121,134</u>	<u>\$ 93,769</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 38,004	\$ 4,503
Accrued liabilities	4,122	3,567
Notes payable	62,320	-
Total current liabilities	<u>104,446</u>	<u>8,070</u>
NET ASSETS		
Unrestricted	<u>16,688</u>	<u>32,322</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$121,134</u>	<u>\$ 93,769</u>

The accompanying notes are an integral part of this statement.

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.

Barnell, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 27, 1986

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entity and PLEASE
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**FESTIVAL INTERNATIONAL
DE LOUISIANE**

Lafayette, Louisiana

Financial Report

Years Ended August 31, 1996 and 1995

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 4-2-97

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DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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MEMORANDUM

August 11, 1995

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Festival International de Louisiane (a nonprofit organization), as of August 31, 1994 and 1995, 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 generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 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 the Festival International de Louisiane, as of August 31, 1994 and 1995, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 17, 1994 on our consideration of the Festival International de Louisiane's internal control structure and a report dated November 15, 1994 on its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements 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

1995

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FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Activities
Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Support:		
Contributions	\$279,801	\$511,018
Grants	14,708	8,439
In-kind contributions	<u>228,318</u>	<u>156,300</u>
Total unrestricted support	<u>522,827</u>	<u>675,757</u>
Revenue:		
Admissions	12,313	18,888
Sales, net of direct expense	131,814	122,382
Interest	1,150	710
Miscellaneous	<u>118</u>	<u>13</u>
Total unrestricted revenue	<u>145,435</u>	<u>142,093</u>
Total support and revenue	<u>668,262</u>	<u>817,850</u>
EXPENSES:		
Program services:		
Artists' fees and expenses	150,528	148,486
Production	178,818	129,387
Marketing and promotion	328,293	138,827
Support services	<u>58,718</u>	<u>88,822</u>
Total expenses	<u>716,357</u>	<u>465,522</u>
Increase in unrestricted net assets	33,905	35,451
NET ASSETS, beginning of year	<u>31,312</u>	<u>17,861</u>
NET ASSETS, end of year	<u>\$ 65,217</u>	<u>\$ 53,312</u>

The accompanying notes are an integral part of this statement.