

OFFICIAL
FILE COPY

DO NOT SIGN OUT

These materials
come from the
copy and FILE
PAGE or FILE

CONTEMPORARY ARTS CENTER

FINANCIAL STATEMENTS

AS OF JUNE 30, 1996

TOGETHER WITH AUDITORS' REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and either 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

91-6-15 4-23-16
NOTICE: 11/11/97
11/11/97

~~1527/1527
97-281-15
11/11/97~~

CONTEMPORARY ARTS CENTER

FINANCIAL STATEMENTS

AS OF JUNE 30, 1978

TABLE OF CONTENTS

	PAGE
SECTION I - BASIC FINANCIAL STATEMENTS:	
Report of Independent Public Accountants	i
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5
SECTION II - OMB CIRCULAR A-133 SUPPLEMENTAL REPORTS:	
Report of Independent Public Accountants on:	
Internal Control of the Center as an Entity	8
Compliance of the Center as an Entity	10
Center's Internal Control Structure Over its Federal Financial Assistance Programs	11
Compliance with the General Requirements Applicable to the Center's Federal Financial Assistance Programs	14
Center's Compliance with Requirements Applicable to Major Federal Financial Assistance Program Transactions	15
Schedule of Federal Financial Assistance	16
Supplemental Schedules:	
Schedule A: Schedule of Federal Financial Assistance	17
Schedule B: Supplemental Schedule of Departmental Activity	18

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of the
Contemporary Arts Center

We have audited the accompanying statement of financial position of the Contemporary Arts Center (the "Center") - a Louisiana not-for-profit corporation, as of June 30, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements and the supplemental schedules referred to below are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements and supplemental schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1996 Revision), 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 the Center as of June 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, effective July 1, 1995, the Center changed its method of accounting for contributions received in accordance with Statement of Accounting Standards No. 136, "Accounting for Contributions Received and Contributions Made" and applied newly established financial reporting standards for not-for-profit organizations in accordance with Statement of Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Center's internal control structure and a report on its compliance with laws and regulations, both dated September 20, 1996.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule of Departmental Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit 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.



New Orleans, Louisiana,
September 20, 1996

CURRENT ASSETS:

Cash and cash equivalents
Receivables and grants receivable
Due from other funds
Prepaid expenses

Total current assets

FIXED ASSETS, net of depreciation**NET COLLECTIONS****INVESTMENTS****OTHER ASSETS**

Total assets

CURRENT LIABILITIES:

Accounts payable and accrued
Fees payable (Note 3)
Due to other funds

Total current liabilities

FUND BALANCES:

Permanently restricted
Temporarily restricted
Unrestricted

Total fund balances

Total liabilities and fun

CONTRACTUAL LIABILITIES
FINANCIAL INSTRUMENTS
2013/2014

	\$m			
	Expected Cash	Systemic Risk	Purchased Financial	Residual Amount
OPERATING ASSETS				
Contract underwriting	1,141	1,141	-	1,141
Referred and given to underwriter	1,275	1,275	-	2,416
Not underwritten	1,275	1,275	-	2,416
Referred to other underwriters	1,275	1,275	-	2,416
Referred to reinsurers	1,275	1,275	-	2,416
Total contract assets	5,036	5,036	-	10,072
FINANCIAL INSTRUMENTS				
RECURRING ASSETS: Issuance of Reinsurance	1,000	1,000	-	2,000
RECURRING LIABILITIES: Issuance of Reinsurance	1,000	1,000	-	2,000
RECURRING ASSETS: Issuance of Reinsurance	1,000	1,000	-	2,000
RECURRING LIABILITIES: Issuance of Reinsurance	1,000	1,000	-	2,000
Total assets	6,036	6,036	-	12,072
Total liabilities	6,036	6,036	-	12,072
CONTRACTUAL LIABILITIES				
Amounts payable and accrued expenses	1,000	1,000	-	2,000
Amounts payable (to be received)	1,000	1,000	-	2,000
Contractual liabilities	1,000	1,000	-	2,000
Total contract liabilities	1,000	1,000	-	2,000
FINANCIAL INSTRUMENTS				
Reinsurance received	1,000	1,000	-	2,000
Reinsurance received	1,000	1,000	-	2,000
Reinsurance received	1,000	1,000	-	2,000
Total financial instruments	1,000	1,000	-	2,000
Total liabilities	2,000	2,000	-	4,000
Total liabilities and contract liabilities	2,000	2,000	-	4,000

The accompanying notes are an integral part of these financial statements.

UNRECORDED DEBITMENTS
PAID TO THE EMPLOYEES
FOR THE YEAR ENDED 31.03.2016

	Treated (Cost)	Temporary (Estimated)	Provision (Estimated)	Total
EMPLOYEES' COST BENEFITS (1)	1,12,110	0	0	1,12,110
Contributions to Provident Fund	26,495	-	-	26,495
Employees' Provident Fund	1,600	-	-	1,600
Employees' gratuity scheme premium	12,440	-	-	12,440
Life Insurance	14,555	-	-	14,555
Administration, medical fees, meetings and conferences	9,499	-	-	9,499
Special sick leave scheme administration	12,114	-	-	12,114
Subsidy on mobility and subsistence	2,485	-	-	2,485
Subsidy on meals	1,173	-	-	1,173
Insurance premium	5,322	35	35	5,392
Other	1,73,098	76,600	171	1,99,869
Total support cost to be borne on each administrative unit/office	1,85,72	76,635	-	2,62,357
NET ADMINISTRATIVE COSTS (2)	1,85,72	76,635	35	2,62,427
ADMINISTRATIVE COSTS	6,643	-	-	6,643
Salaries	8,824	-	-	8,824
Payroll tax	8,238	-	-	8,238
Employee benefits	6,628	-	-	6,628
Taxes on interest/commission	8,448	-	-	8,448
Auto fuel	8,148	-	-	8,148
Telephone and utilities	19,475	-	-	19,475
Printing	4,475	-	1,267	5,742
Postage	4,475	-	-	4,475
Professional fee	9,586	-	-	9,586
Printing publications, files etc.	13,386	-	-	13,386
Security and insurance	13,386	-	-	13,386
Conduct material	13,386	-	-	13,386
House rent subsidy	13,386	-	-	13,386
Subsidy on transport	13,386	-	-	13,386
Information processing and other services and goods	13,386	-	-	13,386
Working capital contributions, including related fund	13,386	-	-	13,386
Travel expenses	4,773	-	1,675	6,448
Program and reports fee	1,162	-	-	1,162
Office expenses	6,125	-	-	6,125
Administrative costs-Applicable	1,20,818	-	5,06	1,20,824
Interest on deposit and provisions against future depreciation	9,648	8,174	8,143	25,965
DEBITED TO GOVERNMENT	2,00,486	-	-	2,00,486
Transfer to meet support and income tax expenses	6,271	-	6,643	12,914
PROVIDED TO GOVERNMENT	1,94,215	1,114	2,002	1,97,330
PROVIDED TO GOVERNMENT (3)	1,94,215	1,114	2,002	1,97,330

(1) Administrative cost to be borne on each administrative unit/office

CONTEMPORARY ARTS CENTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>199</u>
CASH FLOWS FROM OPERATING AND CAPITAL FUND-RAISING ACTIVITIES:	
Excess of revenues over expenses	\$ 3,937
Changes in operations not using cash-	
Depreciation	77,914
(Increase) in pledges, grants and contributions receivable	(97,262)
(Increase) in other receivables	(14,171)
(Increase) in prepaid expenses	(20,024)
(Increase) in deposits	(500)
Increase in accounts payable and accrued expenses	21,018
(Decrease) in deferred revenue	(18,288)
Net cash provided by operating and capital fund raising activities	<u>19,524</u>
CASH FLOWS FOR INVESTING ACTIVITIES:	
Purchase of equipment	(2,014)
Increase in endowment fund and other investments	<u>4,681</u>
Net cash used in investing activities	<u>(1,150)</u>
CASH FLOWS FOR FINANCING ACTIVITIES:	
Payments on notes payable	(10,425)
Proceeds from notes payable	<u>62,589</u>
Net cash provided by financing activities	<u>52,164</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>87,531</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 148,771</u>

The accompanying notes are an integral part of these financial statements.

CONTEMPORARY ARTS CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Contemporary Arts Center (the "Center") is a multi-disciplinary organization dedicated to presenting the works of local, regional, national and international artists. The Center offers a year-round calendar of exhibitions, performances and educational programs designed to engage diverse public audiences of all ages, while providing technical and development support for local artists.

The financial statements of the Center have been prepared on the accrual basis of accounting. Significant accounting policies are summarized below.

General

The Center adopted, effective July 1, 1995, Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 provides for funds to be established according to their classes of net assets - permanently restricted, temporarily restricted and unrestricted to comply with limitations and restrictions placed on the use of resources by the donors. The Center's assets have been made to fit the net assets to reflect the three categories required by SFAS No. 117 as of July 1, 1995. The total beginning assets remain unchanged from the amount reported in prior year.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at acquisition cost or, in the case of gifts, fair value at the date of donation. Major additions are capitalized, maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense. Contributions received in aid of construction are credited to contribution revenues and included in the cost of the assets acquired with such contributions. Depreciation is provided to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis.

Fixed assets consist of the following:

	Unrestricted
Equipment	\$ 864,890
Building	2,090,431
Accumulated depreciation	(1,028,024)
Net	\$ 1,927,297

Art Collection

The Center commissioned several works of art which are housed in the building, at 500 Camp Street, and are carried in the accompanying financial statements at cost. The Center does not record depreciation on the art collection as depreciation is not required to be recognized under generally accepted accounting principles on individual works of art or historical treasures.

whose economic benefit or service potential is used up so slowly that their estimated useful lives are extraordinarily long.

Gifts, Grants and Pledges

Gifts, grants and pledges are recorded in the three classes of net assets in accordance with the restriction of the donor. Noncash gifts and grants are recorded as revenue at fair market value at the date contributed, if an objective valuation is determinable. Pledged contributions are recorded as receivables when a firm pledge is made and collectibility is reasonably determinable. If a pledge is to be received over a period of more than a year, the respective noncurrent amount is recorded as a noncurrent receivable.

In June 1993, the Financial Accounting Standards Board issued SFAS 116 "Accounting for Contributions Received and Contributions Made." SFAS 116 requires the unconditional pledges received and receivable be recorded as revenue in the year pledged. The Center adopted this SFAS in the current year; however, the impact of this adoption was not material to the financial statements.

Donated Materials and Services

Certain donated materials and services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. In addition, a substantial number of unpaid volunteers have donated significant amounts of their time to the development of the Center's program services and in its fund-raising campaigns; these services have not been recorded as contributions since there is no objective basis to measure their value.

Investments

The Center's Permanently Restricted Fund consists of funds invested in a money market account, the cost of which approximates market value.

Gains and losses from the sale or other disposition of investments and other noncash assets are accounted for in the classification that reported the assets. Ordinary income from investments is accounted for in the classification reporting the assets.

Interfund Receivables and Payables

Use of unrestricted or restricted funds for building or operating purposes is accounted for through due to and due from accounts in the respective funds. Advances between funds which are not expected to be repaid are accounted for as transfers. When repayment is expected, the advances are accounted for through the due to and due from accounts.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the financial statements.

Use of Estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. PERMANENTLY RESTRICTED FUNDS

During 1987, the Center was awarded a restricted challenge grant in the amount of \$25,000. Under the terms of the grant, the Center was required to deposit the funds for investment with the Greater New Orleans Regional Foundation. In addition, the Center was originally required to match the grant by 1991, or \$37,500, through its own fund raising efforts. The original due date for this match was July 1, 1989. As of June 30, 1990, the Center had not met the matching fund requirements, but had received an extension until December 31, 1990 to meet the matching requirement and a reduction in the matching requirement to \$21,000. After the Center is successful in achieving the matching goal, the earnings from the combined grant will become unrestricted funds available to the Center and the principal balance will be irrevocably endowed. Should the matching goal not be reached, the grant is to revert to the granting foundation. The grant earned \$1,736 in 1996 which is recorded in Permanently Restricted Assets.

3. NOTES PAYABLE

Notes payable consist of the following:

Note payable to a bank dated May 16, 1990, bearing interest at 1% above the prime rate (3% at June 30, 1996), interest payable monthly, due August 14, 1996	\$ 69,420
Note payable to a corporation, dated November 28, 1990, bearing no interest, due May 28, 1996	50,000
Note payable to a corporation, dated August 7, 1990, bearing no interest, due November 17, 1996	22,900
Total notes payable	142,320

The notes dated November 28, 1990 and August 7, 1990, are payable to an entity controlled by a member of the Board of Directors. Although the due date for the note dated November 28, 1990 has expired, demand for payment has not been made.

4. RELATED-PARTY TRANSACTIONS

A company controlled by a member of the Center's Board of Directors leases a portion of the building at 980 Camp Street to the Center pursuant to a lease which initially expired in December 1992. Monthly rentals began in January 1993 and the lease provides the Center with the option to renew the lease for three successive five-year periods beginning in 1995. The first renewal option (January 1995 to December 1997) calls for annual rentals of \$45,000, the second option (January 1998 to December 2002) calls for annual rentals of \$91,000, and the final renewal option (January 2003 to December 2007) calls for annual rentals of \$137,000. The Center exercised its first renewal option in fiscal year 1995. On December 2, 1996, the lease was amended such that no rent, other than \$4,800 monthly for maintenance and insurance, is due from the Center until January 1997.

Related entities, also controlled by the same Board member, contributed approximately \$200,000 to the Center during fiscal year 1996.

Other members of the Center's Board of Directors and parties related to them made contributions of approximately \$204,000 during fiscal year 1996.

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE OF THE CENTER AS AN ENTITY

To the Board of Directors of
the Contemporary Arts Center

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1994 Revision), 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 general purpose financial statements are free of material misstatement.

The management of the Center 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, projections 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 the Center for the year ended June 30, 1996, 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 which would be material in relation to the financial statements being audited may

error and not be detected within a timely period by employees in the normal course of performing their assigned functions. We cited no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above; however, we did note certain matters that we have reported to the management of the Center in a separate letter dated September 30, 1996.

This report is intended for the information of the Center's management, the Board of Directors and federal grantor agencies; however, this report is a matter of public record and its distribution is not limited.

Arthur Anderson LLP

New Orleans, Louisiana,
September 30, 1996

ARTHUR ANDERSON LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE OF THE CENTER AS AN ENTITY

To the Board of Directors of
the Contemporary Arts Center

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* (1994 Revision), 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.

Compliance with laws, regulations, contracts and grants applicable to the Center is the responsibility of Center management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Center's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit 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 herein under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, the Center's management and Federal grantor agencies; however, this report is a matter of public record and its distribution is not limited.

Arthur Anderson LLP

New Orleans, Louisiana,
September 20, 1996

ARTHUR ANDERSON LLP

INDEPENDENT AUDITORS' REPORT ON THE CENTER'S INTERNAL CONTROL STRUCTURE OVER ITS FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Directors of
the Contemporary Arts Center:

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996. We have also audited the Center's compliance with requirements applicable to its major Federal financial assistance programs and have issued our report thereon dated September 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133, *Audit of Institutions of Higher Education and Other Nongovernmental Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Center complied with laws and regulations, noncompliance with which would be material to a major Federal financial assistance program.

In planning and performing our audit of the financial statements of the Center for the year ended June 30, 1996, we considered the Center's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Center's financial statements and on its compliance with requirements applicable to major Federal financial assistance programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to Federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the Center's financial statements in a separate report dated September 20, 1996.

The management of the Center 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 (1) assets are safeguarded against loss from unauthorized use or disposition, (2) 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, and (3) Federal financial assistance programs are

managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories:

Accounting Control Categories

- Financial Reporting Cycle (includes controls established to ensure compliance with laws and regulations that have a material impact on the financial statements)
- Treasury Cycle
- Revenue Cycle
- Payroll Expenditure Cycle
- Vendor Expenditure Cycle
- Commission (Bond Assets/Inventory) Cycle
- Federal Grants Cycle

Administrative Control Categories

- General Requirements
 - Political activity
 - Davis-Bacon Act*
 - Civil rights
 - Cash management
 - Education assistance and real property acquisition*
 - Fides of financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements
- Specific Requirements
 - Types of services allowed or unallowed
 - Eligibility
 - Matching, level of effort and/or cost-sharing
 - Reporting
 - Special terms and provisions (if applicable to specific programs)
 - Monitoring subcontractors*
 - Cost allocation*
 - Claims for advances and reimbursements
 - Amounts claimed or used for matching

(* = Not applicable to the Center's 1996 programs)

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Center had no major Federal financial assistance programs and expended 100% of its Federal financial assistance under three grants from the National Endowment for the Arts.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Center's Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to express an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering Federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute 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 noncompliance with laws and regulations that would be material to a Federal financial assistance program 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, however, we did note certain matters that we have reported to the management of the Center in a separate letter dated September 20, 1996.

This report is intended for the information of the Board of Directors, the Center's management and Federal grantee agencies; however, this report is a matter of public record and its distribution is not limited.



New Orleans, Louisiana,
September 20, 1996

ARTHUR ANDERSEN LLP

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE
GENERAL REQUIREMENTS APPLICABLE TO THE CENTER'S
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Directors of
the Contemporary Arts Center

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996.

We have applied procedures to test the Center's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- Political activity
- Davis-Bacon Act*
- Civil rights
- Cash management
- Relocation assistance and real property acquisition†
- Federal financial reports
- Allowable costs/lost principles
- Drug-Free Workplace Act
- Administrative requirements

F = Not applicable to the Center's 1996 program(s)

Our procedures were limited to test the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions (October 1993). Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Center's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of non-compliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Center had not complied, in all material respects, with those requirements.

This report is intended for the information of the Center's management, the Board of Directors and Federal grantor agencies; however, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana,
September 20, 1996

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON THE CENTER'S COMPLIANCE

WITH REQUIREMENTS APPLICABLE TO NON-PROFIT

FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Board of Directors of the
Contemporary Arts Center:

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996.

In connection with our audit of the 1996 financial statements of the Center, and with our consideration of the Center's internal control structure used to administer Federal financial assistance programs, as required by Office of Management and Budget Circular A-133, Audit of Institutions of Higher Education and Other Non-Profit Institutions, we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing (1) types of services allowed or disallowed and (2) eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Center's compliance with those requirements and, accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Center had not complied, in all material respects, with those requirements.

This report is intended for the information of Board of Directors, the Center's management and Federal grantor agencies; however, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana,
September 20, 1996

ARTHUR ANDERSON LLP

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Directors of
the Contemporary Arts Center:

We have audited the financial statements of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation), as of and for the year ended June 30, 1996, and have issued our report thereon dated September 20, 1996. These financial statements and the Schedule referred to below are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements and the Schedule referred to below based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1994 Revision), 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Center taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

Arthur Anderson LLP

New Orleans, Louisiana,
September 20, 1996

CONTRACTOR'S ACCOUNT

REVENUE FROM CONTRACTS
 CONTRACT NUMBER 0000000000

Period (Year-Month)	Total Contract	Contract Revenue	Contract Expense	Contract Profit	Contract Expense	Contract Profit
01-12-00	\$ 0.00	-	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
02-12-00	1.00	-	1.00	1.00	1.00	-
03-12-00	1.00	-	1.00	1.00	1.00	-
	2.00	-	2.00	2.00	2.00	-
	2.00	-	2.00	2.00	2.00	-

NAFEDRA CONTRACTOR'S ACCOUNT
 Year End Date
 Report Name Report
 Name
 Transaction Class

DEPARTMENTAL BUDGETS
Department of Cultural Services, Arts and Heritage
2019-2020

Departmental Activities	2019-2020			2019-2020			2019-2020			2019-2020	2019-2020	2019-2020
	Operating Expenses	Capital Expenses	Total	Operating Income	Capital Income	Total	Operating Deficit	Capital Deficit	Total			
Construction												
Construction of Land	1,400	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400
Construction of program services	0	0	0	0	0	0	0	0	0	0	0	0
Construction of equipment	0	0	0	0	0	0	0	0	0	0	0	0
Construction of other	0	0	0	0	0	0	0	0	0	0	0	0
Operating Expenses	1,400	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400
Capital Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,400	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400
Operating Income												
Operating Income	0	0	0	0	0	0	0	0	0	0	0	0
Capital Income												
Capital Income	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0
Operating Deficit												
Operating Deficit	1,400	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400
Capital Deficit												
Capital Deficit	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,400	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400

DEPARTMENTAL BUDGETS
 DEPARTMENT OF CULTURAL SERVICES, ARTS AND HERITAGE

OFFICIAL
FILE COPY

DO NOT REMOVE

These documents
derive from the
copy and paste
files in this

RECEIVED

FEB 2 1997

LEGISLATIVE AUDITOR

CONTEMPORARY ARTS CENTER

MEMORANDUM OF SUGGESTIONS FOR
IMPROVEMENT OF ACCOUNTING PROCEDURES AND
INTERNAL ACCOUNTING CONTROLS

JUNE 28, 1996



September 28, 1996

Arthur Andersen LLP

Suite 2000
200 West Park Avenue
New York, New York 10022-1400
(212) 850-1000

To the Board of Directors of
the Contemporary Arts Center:

As part of our audit of the financial statements of the Contemporary Arts Center (the "Center") for the year ended June 30, 1996, we considered the Center's internal control structure to the extent we felt necessary for the purpose of providing a basis for reliance thereon in determining the nature, timing, and extent of the audit tests applied in connection with our audit of the Center's 1996 statements.

Our consideration of the internal control structure did not entail a detailed study and evaluation of any of its elements and was not made for the purpose of making detailed recommendations or evaluating the adequacy of the Center's internal control structure to prevent or detect errors and irregularities. In this regard, it should be recognized that, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Furthermore, projection of any evaluation of the internal control structure to future periods is subject to the risk it may become inadequate because of changes in conditions or deterioration in its operating effectiveness.

While the purpose of our consideration of the internal control structure was not to provide assurances thereon, certain matters came to our attention that we want to report to you. These matters, which were considered by us during our audit and do not modify the opinion expressed in our auditors' report dated September 28, 1996, along with our recommendations, are described in the accompanying memorandum.

The accompanying memorandum on internal control structure is intended solely for the use of the Center's management, the Board of Directors, and grantor agencies. This memorandum is not intended to limit the distribution of this letter and the accompanying memorandum which is a matter of public record.

We wish to express our appreciation for the courtesy and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail or otherwise assist in their implementations.

Very truly yours,

Arthur Andersen LLP

CONTEMPORARY ARTS CENTER

MEMORANDUM OF SUGGESTIONS FOR IMPROVEMENT OF ACCOUNTING
PROCEDURES AND INTERNAL ACCOUNTING CONTROLS

JUNE 20, 1978

TABLE OF CONTENTS

	<u>PAGE</u>
<u>CURRENT YEAR ISSUES:</u>	
Proper Authorization of Payroll Checks	1
Expense Review by Department Manager	1
Budget	1
 <u>IMPLEMENTATION STATUS OF PRIOR YEAR ISSUES</u>	 2

CURRENT YEAR ISSUES

Proper Authorization of Payroll Checks

The Center's current payroll check authorization policy requires two signatures on each check. This internal control procedure acts as a check and balance mechanism to mitigate the risk due to errors and/or fraudulent activities. During the course of our work, we noted one instance in which only one authorized signature was present. It was determined that one of the authorized signers was out of town and unable to sign the check prior to the payday. While it is certainly understandable that events do arise resulting in difficulties attaining two authorized signatures, communication should be strengthened to ensure that arrangements can be made to attain the proper signatures.

Expense Review by Department Manager

In performing our testing, we noted one department expense that had not been properly initiated by the department manager indicating authorization. The Center, like all not-for-profit organizations, must always be conscious of expenses incurred due to budgetary constraints and governmental regulations. Because of this, every department manager should approve the department's expenses before they are paid. The person responsible for paying the expense should review for proper approval before a check is cut.

We also noted that the Center does not maintain an official approved vendor list. Maintaining an official approved vendor list is a control which can help ensure that problem vendors are not utilized by the Center. The Center should consider developing and utilizing a vendor list which is approved and updated annually.

Budget

In reviewing the Operating Fund Budget for fiscal 1997, we noted that depreciation expense was not properly included in the budget. Inclusion of the proper depreciation expense would result in the Center's budget projecting a deficiency in the 1997 Operating Fund Budget. We recommend that the Center reevaluate the impact of this change and take appropriate actions if deemed necessary.

**STATUS OF PRIOR YEAR SUGGESTIONS
AS OF JUNE 30, 1996**

	Implemented	Partially Implemented	Not Implemented
Minutes of Board of Directors and Executive Committee	X		
Fidelity Coverage	X (1)		
Civil Rights Compliance	X		
Timely Payment of Payroll Taxes/ Financing		X (2)	

- (1) Management reviewed the need for this coverage but decided that it was not required. Although management concluded that coverage was not required, the Center's need for fidelity coverage should be reviewed annually.
- (2) The Center was able to acquire debt funding to meet certain of its financial requirements. However, until the funding was obtained, some tax payments and other financial commitments were paid late during 1996 resulting in penalties.