

3. Summary of Significant Accounting Policies (Continued)

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

Federal Income Taxes - A provision has not been made for federal income taxes since the Council is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Fixed Assets - Fixed assets are stated at net less accumulated depreciation. Depreciation is calculated using the straight-line method. Equipment is depreciated over an estimated useful life of seven years.

Notes and Cash Equivalents - For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Donated Services - During the year the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization. Other donated materials and equipment are recorded as contributions of in-kind services in the financial statements at their estimated values at the date of receipt.

3. Agreements for Services

Under a formal agreement for services between the City of Shreveport (the City) and the Shreveport Regional Arts Council, the City agrees to provide technical assistance in the planning and implementation of programs, use of certain facilities, office space and personnel and funding for programming. The fair value of the technical assistance received and the use of the facilities, office space and personnel is not reasonably determinable and is not recorded as revenue. The Council also agrees to provide certain programming services under the agreement.

4. Commitments and Contingencies

The Council is a recipient of certain government grants which require the fulfillment of conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accomplished the objectives of the organization in the provisions of the grant. These conditions include the right to audit the grant usage by the grantor or its designee.

5. Cash and Investments

At June 30, 1997, cash and investments consisted of the following:

	Cost	Market Value
Cash and cash equivalents	719,377	719,377
Investments: Fixed income mutual funds	316,648	316,619
Equity mutual funds	261,513	384,895
	<u>1,297,538</u>	<u>1,398,895</u>

The Council had demand deposits in two banks in excess of federally insured limits of \$500,000. The investment in mutual funds was also uninsured, making a total of \$1,383,879 in off-balance sheet risk. Mutual gains were \$683 and unrealized gains were \$33,935 for the year.

6. Accrued Absences

The Council's policy is to pay employees upon termination for vacation time accrued up to 80 hours maximum per employee with ten years experience and 120 hours for employees with over ten years experience. An accrued liability for vacation time is reflected in the financial statements at June 30, 1997.

7. Change in Accounting Principle

In 1997, the Council began recording investments at fair value, in accordance with Statement of Financial Accounting Standards No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Unrealized gains or losses are recorded in the Statement of Activities, if applicable. For 1997, the cumulative effect of the accounting change was \$5,340.

8. Operating Lease

The Council leases warehouse space under a month-to-month agreement at \$200 per month.

The Council also leases a copier under a 60-month lease with monthly payments of \$508. Following is a summary of lease minimum lease payments as of June 30, 1997:

Year Ending June 30,	
1998	\$,000
1999	\$,000
2000	\$,000
2001	\$,125
2002	—
	<u>\$5,340</u>

9. Designated Reserves

This Board of Directors designated cash and investments totaling \$682,432 to insure that the Council's resources will remain viable regardless of potential changes in public or private funding. It is the intent of the Board to establish a fund totaling \$1,000,000 by the year 2004.

10. Christmas in the Sky

The Council holds its major fund-raising event every other year. This event includes entertainment and a auction of donated items. The year ended June 30, 1997 included a Christmas in the Sky event. Following is a detail of revenues and expenses for this year ended June 30, 1997. Christmas in the Sky event:

Revenues:	
Admission and sales	175,810
Concessions and publications	212,020
Contributions	75,850
Miscellaneous income	1,628
Interest income	1,527
In-kind donations	<u>8,000</u>
Total revenues	475,135
Expenses:	
Bank charges	6,996
Professional services	65,848
Equipment and facilities rental	17,266
Travel and entertainment	<u>60,576</u>

10. Christmas in the Sky (Continued)

Expenses: (Cont.)

Papered boxes	807
Promotion and printing	21,918
Postage and telephone	6,679
Salaries	20,547
Supplies and materials	35,937
Insurance	2,380
Office expenses	768
Taxes and subscriptions	587
Miscellaneous	<u>2,028</u>
Total expenses	<u>227,568</u>

Net revenues-Christmas in the Sky 227,568

11. Employees' Retirement Plan

Stoughton Regional Arts Council has established a Simple Retirement Account plan as of June 1, 1997, for its full and part-time employees. An employee is eligible to participate in any calendar year if he or she received at least \$5,000 of compensation during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$6,000 per year. The Council matches the employee's contribution up to 5% of their compensation. The contribution charged to employees for the year ended June 30, 1997 was \$250.

OTHER FINANCIAL INFORMATION

Fair Park Culture Series, Registra, Panels and Other Programs	Community Cultural Plan	Louisiana Partnership	Democratized Acta Building	Total
-	38,684	-	-	69,585
-	-	-	-	24,515
-	-	-	-	18,586
-	-	-	-	1,178
-	-	-	-	128,377
18,800	62,605	-	-	31,080
-	-	-	-	-
150,000	308,080	-	-	375,800
-	-	34,352	268,411	456,479
5,800	-	-	-	14,348
-	-	-	-	980
250	4,308	389	1,540	49,785
-	-	-	-	237,368
-	-	-	-	685
-	-	-	-	31,315
-	1,041	-	1,382	3,188
<u>168,250</u>	<u>387,029</u>	<u>34,961</u>	<u>281,536</u>	<u>1,458,364</u>
11	300	77	90	2,584
-	-	-	-	14,847
31,243	101,080	10,558	1,007	363,379
-	95,817	-	16,154	250,346
-	-	-	-	21,905
-	2,336	-	1,274	21,475
-	-	-	-	2,859
-	3,237	-	-	4,894
2,534	3,280	-	-	17,715
-	3,444	16,781	7,622	43,086
742	-	-	-	5,290
1,523	18,080	1,897	62	28,804
219	3,045	2,503	1,352	17,406
4,598	6,699	-	-	28,258
628	90,735	-	-	13,414
-	-	-	-	26
158,240	-	-	287,862	437,482
141	4,318	1,625	-	8,231
-	503	715	578	22,432
-	-	-	-	8,668
33	76	458	-	3,823
-	4,834	-	-	4,304
<u>202,325</u>	<u>244,957</u>	<u>47,386</u>	<u>281,812</u>	<u>1,218,762</u>
<u>672,322</u>	<u>672,322</u>	<u>112,322</u>	<u>681</u>	<u>200,000</u>

September 17, 1997

The Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

We have audited the financial statements of Shreveport Regional Arts Council as of and for the year ended June 30, 1997, and have issued our report thereon dated September 17, 1997. 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 the financial statements of Shreveport Regional Arts Council 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 these provisions was not an objective of our audit and, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of Shreveport Regional Arts Council 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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 over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Shreveport Regional Arts Council in a separate letter dated September 17, 1997.

This report is intended for the information of management, the board of directors, and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

HMV

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September 17, 1997

Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 _____

In planning and performing our audit of the financial statements of Shreveport Regional Arts Council for the year ended June 30, 1997, we considered its internal control structure 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 structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We would like to suggest that Council personnel make an effort to follow up on the disposition of receivables and payables that are recorded on the accrual basis for financial statement purposes. Because the Council prepares its monthly interim reports on the cash basis, these receivables and payables are easily overlooked.

We would like to express our appreciation for the cooperation we received during our audit of the Council. We would especially like to thank Cynthia Hawthorne for her assistance and daily attention to our needs.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization.

Heard, McElroy & Vestal, LLP

HMV

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in Louisiana and other states

5121

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SHERBOURNE REGIONAL ARTS COUNCIL

SHERBOURNE, LOUISIANA

JUNE 30, 1967

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or reviewed, entity and other appropriate public officials. This 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: **FEB 25 1968**
[illegible text]

SHREVEPORT REGIONAL ARTS COUNCIL

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD McGILROY & VESTAL LLP

Chartered Accountants, Certified Public Accountants

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September 17, 1997

The Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

Independent Auditor's Report

We have audited the statement of financial position of the Shreveport Regional Arts Council at June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Shreveport Regional Arts Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Shreveport Regional Arts Council at June 30, 1997, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Shreveport Regional Arts Council taken as a whole. The accompanying Schedule of Changes in Net Assets by Program on Page 10 for the year ended June 30, 1997, 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 basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1997, on our consideration of the Council's internal control structure and on its compliance with laws and regulations.

Heard, McGilroy & Vestal, LLP

HMV

A Partnership of Chartered Accountants
and Certified Public Accountants

Shreveport, Louisiana
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SHERBROOK REGIONAL ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 1992

A S S E T S

<u>Current assets:</u>	119,973
Cash and cash equivalents-Notes 5 and 8	613,118
Investments-Notes 5 and 8	<u>1,306,489</u>
Total cash and investments	189,582
Grants receivable	30,133
Other receivables	<u>3,018</u>
Prepaid insurance	1,302,978
Total current assets	
Equipment less accumulated depreciation of \$18,214)	69,746
Other assets:	
Deposits	<u>200</u>
Total assets	<u>1,572,524</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>	18,758
Accounts payable	27,895
Grants payable	<u>7,822</u>
Accrued expenses-Note 6	54,034
Total current liabilities	
<u>Net assets:</u>	
Unrestricted:	
Designated-Note 9	682,432
Undesignated	<u>283,238</u>
Total unrestricted	1,065,670
Temporarily restricted	<u>682,589</u>
Total net assets	1,518,259
Total liabilities and net assets	<u>1,572,524</u>

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

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1992

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Admission sales and concessions, net of expenses of \$88,162	30,879	38,084	68,963
Tuition and fees	3,950	30,369	34,319
Individual contributions:			
Memberships	88,586	-	88,586
Other	7,794	-	7,794
Business and industry contributions	55,303	72,993	128,297
Foundation grants	28,066	-	28,066
Government grants:			
City of Shreveport	125,000	250,000	375,000
Louisiana Division of the Arts	128,116	328,363	456,479
Other	8,346	3,608	11,954
In-kind donations	580	-	580
Interest income	43,390	6,398	49,788
Net investment/losses in the City-State ID	157,368	-	210,368
Realized gains on sale of investments	683	-	683
Unrealized gains on investments	33,913	-	33,913
Miscellaneous income	563	3,636	3,173
Total support and revenue	723,723	754,341	1,478,064
Net assets released from restrictions	847,471	(847,471)	-
Expenses:			
Program services:			
Artsweek	116,368	-	116,368
Arts in Education	68,848	-	68,848
Community Cultural Plan	244,862	-	244,862
Louisiana Partnership	47,268	-	47,268
Decentralized Arts Funding	296,812	-	296,812
Other programs	262,573	-	262,573
Supporting services:			
Administrative and general	258,432	-	258,432
Total expenses	1,234,263	-	1,234,263
Change in net assets before capital/asset effect of a change in accounting principle	332,932	(82,990)	250,000

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

THRUWATER REGIONAL ARTS COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

	Unrestricted	Temporarily Restricted	Total
Cumulative effect of a change in accounting includable Note 7	5,242	-	5,242
Change in relations	118,174	99,608	317,782
Net assets-beginning of year	107,496	545,519	1,253,015
Net assets-end of year	1,065,630	632,337	1,517,967

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

SHREVEPORT REGIONAL ARTS COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

Cash flows from operating activities:	
Change in net assets	203,244
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	14,847
Realized gain on sale of investments	6,431
Unrealized gains on investments	(33,614)
Cumulative effect of a change in accounting principle	(5,241)
Contribution of fixed assets	6,444
(Increase) in grants receivable	(2,956)
(Increase) in other receivables	(10,679)
(Increase) in prepaid insurance	(3,036)
Decrease in prepaid expenses-other	8,780
Increase in grants payable	6,268
(Decrease) in accrued expenses	(2,487)
Increase in accounts payable	3,339
Total adjustments	(21,785)
Net cash provided by operating activities	203,599
Cash flows used by investing activities:	
Fixed asset purchases	(25,760)
Proceeds from sale of investments	223,455
Purchase of investments	(144,871)
Net cash (used) by investing activities	(242,899)
Net (decrease) in cash and cash equivalents	(14,331)
Cash and cash equivalents at beginning of year	339,178
Cash and cash equivalents at end of year	319,112

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

SHREVEPORT REGIONAL ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1987

1. Nature of Business

The Shreveport Regional Arts Council (the Council) is a private, nonprofit corporation governed by a board of directors and administered by a professional staff. The Council's goal is to serve as an umbrella organization to enrich the quality of life within the region through the promotion of the Arts. The Council's services, therefore, include providing cultural programming, scheduling and coordination for cultural activities and other professional services directed toward its stated goal.

2. Summary of Significant Accounting Policies

Notes of Presentation - The financial statements of the Council are prepared on the accrual basis. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by action of the Council, action by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Council's operations functionally between various programs of the Council and general and administrative.

The Council has adopted SFAS No. 136, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments - Investments are stated at fair market value, based on quoted market prices.