

CONTEMPORARY ARTS CENTER

FINANCIAL STATEMENTS

AS OF FISCAL YEAR

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION I - BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5
SECTION II - COMBINED AS A-99 SUPPLEMENTAL REPORTS	
Independent Auditors' Report on: Compliance and Internal Control over Financial Reporting (based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards)	6
Supplemental Schedules: Schedule A: Supplemental Schedule of Departmental Activity	9

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITOR'S REPORT

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, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements 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 applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that our firm and persons who know 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, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 1998 on our consideration of the Center's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Center 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. 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.



New Orleans, Louisiana,
September 18, 1998.

CONTEMPORARY ARTS CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1999

ASSETS	Unrestricted	Temporarily	Permanently	
	<u>Total</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 17,934	\$ 15,000	\$ 40,888	\$ 73,822
Receivables and grants receivable	20,904	125,000	75,000	330,904
Due from other funds	-	95,468	28,071	123,539
Prepaid expenses	919	-	-	919
Total current assets	<u>39,757</u>	<u>335,468</u>	<u>143,959</u>	<u>419,184</u>
FIXED ASSETS, net of depreciation	1,699,704	-	-	1,699,704
ART COLLECTIONS	95,036	-	-	95,036
INVESTMENTS	-	-	805,436	805,436
LONG-TERM RECEIVABLE	-	78,554	58,183	136,737
OTHER ASSETS	7,807	-	-	7,807
Total assets	<u>\$2,603,311</u>	<u>\$ 414,022</u>	<u>\$ 863,578</u>	<u>\$3,480,911</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and account expenses	\$ 229,888	\$ -	\$ -	\$ 229,888
Notes payable (Short-T)	152,267	-	-	152,267
Due to other funds	128,539	-	-	128,539
Total current liabilities	<u>410,694</u>	<u>-</u>	<u>-</u>	<u>410,694</u>
FUND BALANCES				
Permanently restricted	-	-	805,436	805,436
Temporarily restricted	-	314,022	-	314,022
Unrestricted	1,578,615	-	-	1,578,615
Total fund balances	<u>1,578,615</u>	<u>314,022</u>	<u>805,436</u>	<u>2,698,073</u>
Total liabilities and fund balances	<u>\$2,603,311</u>	<u>\$ 314,022</u>	<u>\$ 863,578</u>	<u>\$3,480,911</u>

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

**COMPARISON OF ACTS COSTS
- BALANCE OF ACTIVITY
- BALANCE OF EXPENSES**

	Completed		Temporarily		Total
	Cost	Record	Record	Record	
EXPENSES AND REVENUE	\$ 4,000.00	\$ 10,125.00	\$ 17,125.00	\$ 4,000.00	
Construction (Cost of)	3,800.00	-	-	3,800.00	
Construction in kind (Cost of)	200.00	-	-	200.00	
Material and program services, grants	900.00	-	-	900.00	
Traveling: (Cost)	200.00	-	-	200.00	
Administration, including files, printing and addresses	700.00	-	-	700.00	
Specialized training program, construction	700.00	-	-	700.00	
Cost of net meetings and correspondence	500.00	-	-	500.00	
Telephone calls	300.00	-	-	300.00	
Transportation	100.00	-	-	100.00	
Other	400.00	1,500.00	1,500.00	800.00	
Total expenses and revenue before net assets advanced through operations	1,500.00	7,000.00	7,000.00	1,500.00	
NET ASSETS BALANCE (ORIGINAL ATTRIBUTION)	28,000.00	30,000.00	30,000.00	28,000.00	
Total support and revenue	1,500.00	30,000.00	30,000.00	1,500.00	
EXPENSES	6,000.00	-	-	6,000.00	
Salaries	4,000.00	-	-	4,000.00	
Payroll taxes	2,000.00	-	-	2,000.00	
Employer benefits	300.00	-	-	300.00	
Value of in kind contributions	500.00	-	-	500.00	
Services	200.00	-	-	200.00	
Telephone and related	50.00	-	-	50.00	
Supplies	50.00	-	-	50.00	
Professional fee	50.00	-	-	50.00	
Printing, publications, files, etc.	50.00	-	-	50.00	
Security and insurance	50.00	-	-	50.00	
Cost of good will	50.00	-	-	50.00	
Travel and lodging	50.00	-	-	50.00	
Administrative expenses	50.00	-	-	50.00	
Administrative, printing and other services and supplies	50.00	-	-	50.00	
Meeting and conferences, including related travel	200.00	-	-	200.00	
Transportation	100.00	-	-	100.00	
Program and reports (See	100.00	-	-	100.00	
Other expenses	200.00	-	-	200.00	
Total expenses before depreciation	1,500.00	-	-	1,500.00	
Items of support and revenue more expenses before depreciation	30,000.00	30,000.00	30,000.00	30,000.00	
DEPRECIATION EXPENSE	800.00	-	-	800.00	
Items (Advances) of support and revenue more expenses	30,000.00	30,000.00	30,000.00	30,000.00	
CHANGES IN FINANCIALIZED CAPITAL AND INVESTMENTS	0.00	-	-	0.00	
Non-debt related issues	0.00	-	-	0.00	
PLANS (Advances) beginning of period	1,000.00	20,000.00	20,000.00	1,000.00	
PLANS (Advances) end of period	11,000.00	3,000.00	3,000.00	11,000.00	

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

CONTEMPORARY ARTS CENTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>
CASH FLOWS FROM OPERATING AND CAPITAL FUND-RAISING ACTIVITIES:	
Excess of revenues over expenses	\$ 36,273
Changes to operations not using cash:	
Depreciation	84,688
(Increase) in pledges, grants and contributions receivable	(481,078)
(Increase) in long-term receivables	(43,472)
Increase in prepaid expenses	33,383
Decrease in other assets	258
Increase in accounts payable and accrued expenses	22,283
Net cash provided by operating and capital fundraising activities	<u>89,385</u>
CASH FLOWS FOR INVESTING ACTIVITIES:	
Purchase of equipment	(70,689)
(Decrease) in endowment fund and other investments	(2,778)
Net cash (used in) investing activities	<u>(73,467)</u>
CASH FLOWS FOR FINANCING ACTIVITIES:	
Net proceeds from notes payable	39,283
Net cash provided by financing activities	<u>39,283</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,191
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>30,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 75,480

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.

Fixed Accounting

The Center provides for funds according to three classes of net assets - permanently restricted, temporarily restricted and unrestricted to comply with limitations and restrictions placed on the use of assets by the donor.

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	\$ 204,019
Building	2,289,099
Accumulated depreciation	— (772,488)
Net	\$ 1,699,730

Art Collection

The Center has maintained several works of art which are housed in the building at 908 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 as 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 restrictions of the donors. Non-cash gifts and grants are recorded as revenue at fair market value at the date contributed, if an objective valuation is determinable. Pledged cash donations 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 net-current amount is recorded as a non-current receivable.

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

Changes in unrealized gains and losses are included in the change in fund balance in the accompanying Statement of Activities.

Gains and losses from the sale or other disposition of investments and other non-current 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. DEFERRED EXPENSES:

The Center did not receive any federal grant monies during fiscal year 1998. Therefore, the Schedule of Federal Financial Assistance and the Report on Compliance with Requirements Applicable to Each Major Program and Federal Grant Orien Compliance in Accordance with OMB Circular A-101 is not applicable in the current year.

3. NOTES PAYABLE:

Notes payable consist of the following:

Note payable to a bank dated September 23, 1997, bearing interest at 8.25%, interest payable monthly, due September 23, 1998	\$ 60,767
Note payable to a bank dated June 5, 1998, bearing interest at 8.75%, interest payable monthly, due January 3, 1999	20,000
Note payable to a co-operative, dated November 26, 1995, bearing no interest, due-on-demand	50,000
Note payable to a co-operative, dated August 7, 1995, bearing no interest, due-on-demand	11,000
Total notes payable	\$ 141,767

The notes dated November 26, 1995 and August 7, 1995, are payable to an entity controlled by a member of the Board of Directors. Although the original due dates for the notes have expired, no demand for payment has been made.

4. REAL ESTATE PROPERTY TRANSACTIONS:

A company controlled by a member of the Center's Board of Directors leases a portion of the building at 908 Camp Street to the Center pursuant to a lease which initially expired in December 1993. Monthly rentals began in January 1995 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 \$45,820; the second option (January 1998 to December 2002) calls for annual rentals of \$81,658; and the final renewal option (January 2003 to December 2007) calls for annual rentals of \$107,468. The Center exercised its first renewal option in fiscal year 1999. On December 2, 1998, the lease was amended such that no rent, other than \$1,385 monthly for maintenance and insurance, was due from the Center until January 1998. Since January 1998, no rent or maintenance fees have been billed to the Center.

Related entities, also controlled by the same Board member, contributed approximately \$61,658 to the Center during fiscal year 1998.

Other members of the Center's Board of Directors and parties related to them made contributions of approximately \$534,025 during fiscal year 1998.

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors
of 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, 1998, and have issued our report thereon dated September 18, 1998. 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 Center'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 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 the Center'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. 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 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 over financial reporting and its operation that we consider to be material weaknesses.

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



New Orleans, Louisiana
September 30, 1998



Arthur Andersen LLP

September 18, 2008

Suite 1700
200 M.A. Kefauver Avenue
New Orleans, LA 70112-1700
(504) 581-7171

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, 2008, 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 2008 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, projections 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 deteriorations in its operating effectiveness.

While the purpose of our reevaluation of the internal control structure was not to provide assurance thereon, we noted certain matters 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 18, 2008, along with our recommendations, are described in the accompanying memorandum.

We appreciate the courtesies 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 implementation.

Very truly yours,

Arthur Andersen LLP

CONTINGENCY ACTIVITIES

MEMORANDUM OF SUGGESTIONS FOR IMPROVEMENT OF ACCOUNTING

PROCEDURES AND INTERNAL ACCOUNTING CONTROLS

JUNE 26, 1988

TABLE OF CONTENTS

	<u>PAGE</u>
CURRENT YEAR ISSUES	
Approved Vendor List	8
Missing Invoices for Disbursements	8
Missing Minutes	8
IMPLEMENTATION STATUS OF PRIOR YEAR ISSUES	2

CURRENT YEAR 1992/93

Approved Vendor List

We 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 problems with vendors are not utilized by the Center. The Center should consider developing and utilizing a vendor list which is approved and updated annually.

Management Response:

Steps are being taken to compile a list of approved vendors. Each department will contribute a list of their approved vendors to a master list to be approved by the executive director. A list should be in place by Spring of 1993.

Missing Invoices for Disbursements

In performing our disbursements testing, we noted that several invoices were missing as support for disbursements throughout the year. These disbursements were properly approved, and therefore these invoices did exist but were later lost or misfiled. All disbursements made throughout the year should be supported by having the check copy and invoice filed together.

Management Response:

Controls asserting that all disbursements have a corresponding invoice have been tightened.

Missing Minutes

We noted that several Board of Directors minutes were missing. Minutes for every meeting should be kept at the CAC.

Management Response:

Instead of relying upon the board secretary (a volunteer) to produce minutes, a staff member has been assigned to attend all board meetings to take notes and produce minutes.

STATUS OF PRIOR YEAR SUGGESTIONS

AS OF JUNE 30, 1998

	Implemented	Partially Implemented	Not Implemented
Review of Outstanding Checks	X		
Expense Review by Department Manager	X		
Approved Vendor List			X