

RECEIVED
LEGISLATIVE AUDITOR
98 SEP -8 11:15

**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99100439
5917

**NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA**

**FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT**

JUNE 30, 1998 AND 1997

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 ~~SEP 09 1998~~

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 1998 AND 1997

	PAGE
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-8
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	9
Schedule of Prior Year Findings and Questioned Costs	10
Schedule of Findings and Questioned Costs	11

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the accompanying statements of financial position of Northeast Louisiana Arts Council (a nonprofit organization) as of June 30, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the 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 standard and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Louisiana Arts Council as of June 30, 1998 and 1997, 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 our report dated August 28, 1998, on our consideration of Northeast Louisiana Arts Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
August 28, 1998

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash & Cash Equivalents (Notes 1 & 2)	126,854	108,634
Grants Receivable	<u>10,842</u>	<u>5,842</u>
<u>TOTAL CURRENT ASSETS</u>	137,696	114,476
Furniture and Equipment, net (Notes 1 & 3)	<u>9,331</u>	<u>7,911</u>
<u>TOTAL ASSETS</u>	<u>147,027</u>	<u>122,387</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	75	1,041
Accrued Payroll Taxes	2,043	1,954
Deferred Revenue	6,250	0
NLAC Grants Payable	0	1,800
DAFP Grants & Expenses Payable	<u>69,148</u>	<u>49,850</u>
<u>TOTAL CURRENT LIABILITIES</u>	77,516	54,645
<u>Net Assets</u>		
Unrestricted:		
Operating	60,179	59,831
Fixed Assets	<u>9,332</u>	<u>7,911</u>
<u>TOTAL NET ASSETS</u>	<u>69,511</u>	<u>67,742</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>147,027</u>	<u>122,387</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>PUBLIC SUPPORT AND REVENUES</u>		
Memberships	20,141	18,349
Interest	2,776	2,965
Arts in Education	18,551	10,143
Arts Award Banquet	0	14,150
Arts Academy	0	2,500
Corporate Support	5,000	0
Fundraisers	18,996	28,960
Grant-City of Monroe	25,000	25,000
Grant-DOA General Support	13,369	13,369
Donations	50	160
Contributed Office Space	15,000	10,000
Grant - Southern Arts Federation	1,125	0
Grant-DOA Arts in Education	14,013	0
DAFP - CDC - Contract	25,000	25,000
DAFP - Parish Grants	143,874	135,832
DAFP - Administration	15,986	15,092
Brown Bag Concerts	1,000	1,000
Grant-City of Monroe-Regrants	5,000	5,000
Foundation Grants	<u>12,000</u>	<u>5,500</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	336,881	313,020

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>EXPENSES</u> (Note 6)		
Meeting Expense	880	619
Arts Award Banquet	0	5,016
Arts in Education Expense	29,918	8,020
Bank Charges	0	175
Board Meeting Expense	600	758
Brown Bag Concerts	1,224	791
Computer Expense	1,280	0
Depreciation	2,620	1,779
Discretionary Fund Expense	3,276	3,288
DAFP - Parish Grants	143,874	135,832
Dues and Subscriptions	2,673	2,969
Equipment Rent	486	0
Fundraiser Expense	13,038	15,240
Insurance	629	875
Membership Drive	1,070	3,074
Miscellaneous Expense	369	0
Newsletter Expense	4,100	2,575
Office Rent	15,000	10,000
Office Supplies & Expense	5,067	4,134
Payroll Tax Expense	5,241	5,388
Postage Expense	1,450	1,798
Printing	4,000	0
Professional Fees	4,261	2,250
Regrant-NLAC	11,400	10,000
Salaries	69,057	75,588
Telephone	4,248	3,778
Travel (Staff & Artistic)	<u>9,351</u>	<u>6,368</u>
<u>TOTAL EXPENSE</u>	<u>335,112</u>	<u>300,315</u>
 <u>CHANGE IN NET ASSETS</u>	 1,769	 12,705
 <u>NET ASSETS, Beginning of Year</u>	 <u>67,742</u>	 <u>55,037</u>
 <u>NET ASSETS, End of Year</u>	 <u>69,511</u>	 <u>67,742</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	1,769	12,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,620	1,779
(Increase) Decrease In:		
Grants Receivable	(5,000)	(619)
DAFP-Parish Grants Receivable	0	34,297
Increase (Decrease) In:		
Accounts Payable	(966)	(525)
Deferred Revenue	6,250	0
Accrued Payroll Taxes	89	(34)
NLAC Grants Payable	(1,800)	1,800
DAFP Grants & Expenses Payable	<u>19,298</u>	<u>(13,260)</u>
<u>NET CASH PROVIDED BY (USED IN) ACTIVITIES</u>	22,260	36,143
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds From Disposal of Furniture and Equipment	0	1,814
Purchases of Furniture and Equipment	<u>(4,040)</u>	<u>(2,700)</u>
<u>NET CASH (USED IN) INVESTING ACTIVITIES</u>	<u>(4,040)</u>	<u>(886)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	18,220	35,257
<u>BEGINNING CASH & CASH EQUIVALENTS</u>	<u>108,634</u>	<u>73,377</u>
<u>ENDING CASH & CASH EQUIVALENTS</u>	<u>126,854</u>	<u>108,634</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Northeast Louisiana Arts Council (the Council) is a nonprofit corporation based in West Monroe, Louisiana. The Council serves the citizens of Northeast Louisiana by providing funding and services to support and foster an environment in which the arts can thrive. The Council's support comes primarily from memberships, donor's contributions, and various government and arts agency grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Council has adopted 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, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows. As permitted by the statement, the Council has discontinued its use of fund accounting.

Contributions

The Council has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Public Support and Revenue

Contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Council is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation. Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

The Council prepares an annual budget which is approved by the Board of Directors.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following bank accounts at June 30, 1998 and 1997:

	<u>1998</u>	<u>1997</u>
Progressive Bank	65,389	0
Hibernia	1,292	979
Central Bank - MMA	432	5,231
Bank One - CD	12,710	12,583
Bank One - CD	5,306	5,235
Bank One - Decentralized Checking	3,834	12,515
Bank One - Decentralized Savings	19,741	56,922
First Republic	14,135	11,169
First Republic - CD	<u>4,015</u>	<u>4,000</u>
<u>TOTAL</u>	<u>126,854</u>	<u>108,634</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>1998</u>	<u>1997</u>
Furniture and Equipment	17,900	13,859
Less: Accumulated Depreciation	<u>(8,569)</u>	<u>(5,948)</u>
<u>NET FURNITURE AND EQUIPMENT</u>	<u>9,331</u>	<u>7,911</u>

Depreciation expense for the years ended June 30, 1998 and 1997 totaled \$2,620 and \$1,779, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 1998 and 1997.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 5 - DONATED SERVICES AND FACILITIES

The Council receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Council occupies without charge certain premises located in a government owned building by local government. The estimated fair rental value of the premises is reported as support and expense in the period in which the premises are used.

NOTE 6 - EXPENSES

Total expense in the Statements of Activities included the following DAFP Administrative Expenses for the years ended June 30, 1998 and 1997:

	<u>1998</u>	<u>1997</u>
Office Supplies	1,800	2,425
Telephone	1,950	1,125
Travel	3,000	2,655
Meeting Expense	880	1,050
Payroll Tax Expense	1,895	1,235
Professional Fees	536	1,250
Printing & Postage	4,000	1,700
Salaries	<u>1,925</u>	<u>3,652</u>
 <u>TOTAL</u>	 <u>15,986</u>	 <u>15,092</u>

SUPPLEMENTAL INFORMATION

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the financial statements of Northeast Louisiana Arts Council (a nonprofit organization) as of and for the years ended June 30, 1998 and 1997, and have issued our report dated August 28, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northeast Louisiana Arts Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Northeast Louisiana Arts Council'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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Northeast Louisiana Arts Council in a separate letter dated August 28, 1998.

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

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
August 28, 1998

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Internal Control and Compliance Material to the Financial Statements

There were no prior year findings or reportable conditions required to be reported by Government Auditing Standards.

Internal Control and Compliance Material to Federal Awards

There were no prior year findings or reportable conditions required to be reported by OMB Circular A-133.

Management Letter

There were no prior year management comments.

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
There were other matters involving the internal control over financial reporting which we have reported to management in a separate letter dated August 28, 1998.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 510(a).
- vi. There were no major federal programs for the years ended June 30, 1998 and 1997.
- vii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 520(b) was \$300,000.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Management Letter Comments

Comment Reference # and Title:

98-1

Cash Disbursements

Condition: All travel vouchers should be approved by proper personnel prior to check being issued. Also, all disbursements should be made from original invoice only. Once an invoice has been paid, the invoice should be stamped "paid" to avoid possible duplicate payments.

Recommendation: The Council should approve all vouchers prior to payment and should cancel all invoices when paid.

Management Corrective Action Plan: Management will approve all vouchers prior to payment and will acquire stamp to cancel all invoices.

Person Responsible for Corrective Action Plan:

Tommy Usrey, Executive Director
Northeast Louisiana Arts Council
2305 North Seventh Street
West Monroe, La 71291
Telephone (318) 396-9520 Fax (318) 396-6837

Anticipated completion date: During the year ended June 30, 1999.

MARCUS, ROBINSON and HASSELL
CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
MONROE, LOUISIANA 71207-2896

LEGISLATIVE AUDITOR
28 SEP -8 11:15

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Northeast Louisiana Arts Council
West Monroc, Louisiana

In planning and performing our audit of the financial statements of the Northeast Louisiana Arts Council for the years ended June 30, 1998 and 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our reports on the financial statements for the years ended June 30, 1998 and 1997.

We have already discussed these comments and suggestions with Council personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Cash Disbursements

A voucher approval system is being used for travel reimbursements. In this system, a disbursement voucher is prepared and matched with the documents to support the disbursement. The voucher is then approved by proper personnel prior to the check being issued. This system should be continued in the future with all disbursements being approved prior to issuing checks.

Also, all disbursements should be made from original invoices only. No disbursements should be made from statements and all statements should be matched up to the original invoice. Once an invoice has been paid, the invoice should be stamped "paid" to avoid possible duplicate payments.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and the Legislative Auditor of Louisiana.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
August 28, 1998