

STATE OF LOUISIANA
LEGISLATIVE AUDITOR
Baton Rouge, Louisiana
70804-1501
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JUNEBUG PRODUCTIONS, INC.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Years Ended June 30, 1998 and 1997

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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 11/20/98

JUNEBUG PRODUCTIONS, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT


To the Board of Directors
Junebug Productions, Inc.

We have audited the accompanying statement of financial position of Junebug Productions, Inc. as of June 30, 1998 and 1997, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Junebug Productions, Inc.'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 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 Junebug Productions, Inc. as of June 30, 1998 and 1997, 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 our report dated May 28, 1999 on our consideration of Junebug Productions, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Gibson & Goldstein, CPA's APAC
Metairie, Louisiana
May 28, 1999

Gibson & Goldstein

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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
Junebug Productions, Inc.

We have audited the financial statements of Junebug Productions, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated May 28, 1999. 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

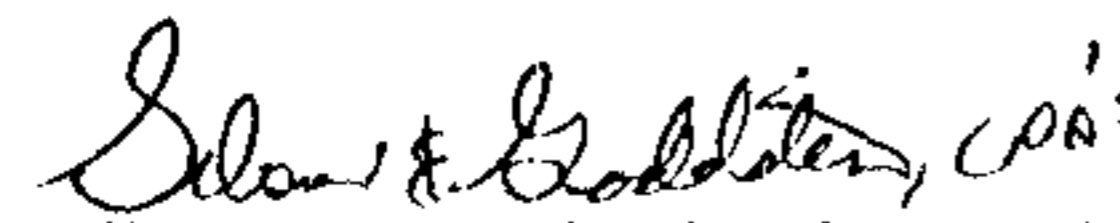
As part of obtaining reasonable assurance about whether Junebug Productions, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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 a material instance of noncompliance that is required to be reported under Government Auditing Standards which involved Junebug Productions, Inc. not complying with Louisiana R.S. 24:513 requiring that audit engagements must be completed within six months of the close of the fiscal year. The organization stated that it will comply with the Statute in the future.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Junebug Productions, Inc.'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 the Board of Directors, management and federal and state regulatory bodies. However, this report is a matter of public record and its distribution is not limited.


Gibson & Goldstein, CPA's APAC
Metairie, Louisiana
May 28, 1999

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF FINANCIAL POSITION
Years Ended June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
CURRENT ASSETS		
Cash and cash equivalents(note 2)	\$47,577	\$65,838
Accounts receivable(note 1)	38,840	47,684
Grants receivable	19,106	24,156
Prepaid expenses	-	1,230
Employee travel advances	<u>16,580</u>	<u>11,323</u>
Total current assets	<u>122,103</u>	<u>150,231</u>
FIXED ASSETS(note 1)		
Furniture, fixtures, & equipment	25,162	21,299
Less: accumulated depreciation	<u>17,460</u>	<u>13,531</u>
Total fixed assets - net	<u>7,702</u>	<u>7,768</u>
OTHER ASSETS		
Security deposits	<u>744</u>	<u>744</u>
Total other assets	<u>744</u>	<u>744</u>
TOTAL ASSETS	<u>130,549</u>	<u>158,743</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	39,107	18,753
Salaries payable	9,815	4,871
Payroll taxes payable	6,208	4,725
Deferred revenue(notes 1 and 3)	<u>7,169</u>	<u>75,000</u>
Total current liabilities	<u>62,299</u>	<u>103,349</u>
COMMITMENTS AND CONTINGENCIES(note 5)	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	62,299	103,349
INTERFUND BORROWINGS		
Due to cash reserve	39,200	16,200
Due from operating fund	<u>(39,200)</u>	<u>(16,200)</u>
Net interfund borrowings	-	-
NET ASSETS, as restated		
Unrestricted	52,289	41,336
Permanently restricted	<u>15,961</u>	<u>14,058</u>
Total net assets	68,250	55,394
TOTAL LIABILITIES AND NET ASSETS	\$ <u>130,549</u>	\$ <u>158,743</u>

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Individual contributions	\$ 9,005	\$ 3,750
Foundation contributions	227,600	25,000
Corporate contributions	150	-
Co-presenting subsidies	89,672	53,825
Revenues and grants from governmental agencies:		
Federal Grants	75,000	65,000
State of Louisiana Grants	94,807	43,656
City of New Orleans Grants	49,252	60,349
Earned touring income	67,129	96,533
Earned fees	28,940	20,111
Misc. income	2,043	106
Interest and investment income	<u>7,189</u>	<u>334</u>
Total unrestricted support and revenue	650,787	368,664
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by performance	<u>-</u>	<u>-</u>
Total unrestricted support, revenue, and reclassifications	650,787	368,664
EXPENSES		
Production expenses	539,657	301,441
Support services		
General & administrative	<u>99,578</u>	<u>77,589</u>
Total production and support services	<u>639,235</u>	<u>379,030</u>
INCREASE(DECREASE) IN UNRESTRICTED NET ASSETS	11,552	(10,366)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restrictions satisfied by performance	<u>-</u>	<u>-</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	-
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Investment earnings	1,376	3,201
Service charges	<u>(72)</u>	<u>-</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	1,304	3,201
INCREASE(DECREASE) IN NET ASSETS	12,856	(7,165)
NET ASSETS AT BEGINNING OF YEAR	<u>55,394</u>	<u>62,559</u>
NET ASSETS AT END OF YEAR	<u>\$ 68,250</u>	<u>\$ 55,394</u>

The accompanying notes are an integral part of this statement.

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1998

With Comparative Totals for the Year Ended June 30, 1997

		MANAGEMENT	<u>TOTAL</u>	
	<u>PRODUCTION</u>	<u>& GENERAL</u>	<u>1998</u>	<u>1997</u>
Salaries	\$184,457	\$ 50,532	\$232,989	\$161,731
Employee benefits	9,828	2,702	12,548	9,242
Payroll taxes	<u>15,985</u>	<u>4,425</u>	<u>20,410</u>	<u>15,250</u>
Total salaries and benefits	<u>208,270</u>	<u>57,677</u>	<u>265,947</u>	<u>186,223</u>
Casual labor	1,775	40	1,815	60
Artists fees	114,485	-	114,485	71,732
Professional fees	78,137	4,163	82,300	13,428
Travel	60,338	2,822	63,160	41,638
Sets/props/costumes	2,631	-	2,631	867
Booking fees	20,380	-	20,380	19,930
Rent	-	9,056	9,056	9,714
Utilities	1,915	3,053	4,968	4,118
Insurance	2,504	3,751	6,255	2,910
Printing	12,513	1,005	13,518	5,462
Dues & Subscriptions	445	3,236	3,681	-
Postage	3,796	2,064	5,860	1,722
Office supplies	8,926	3,660	12,586	1,306
Equipment rental	5,986	-	5,986	2,303
Eqpt. repair and maintenance	1,396	1,398	2,794	635
Performance/rehearsal space rent	1,570	-	1,570	2,222
Miscellaneous	<u>14,590</u>	<u>3,724</u>	<u>18,314</u>	<u>10,604</u>
Total expenses before depreciation	331,387	37,972	369,359	188,651
Depreciation	<u>-</u>	<u>3,929</u>	<u>3,929</u>	<u>4,156</u>
Total expenses	<u>\$539,657</u>	<u>\$ 99,578</u>	<u>\$639,235</u>	<u>\$379,030</u>

The accompanying notes are an integral part of this statement.

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1998

	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 12,856
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	3,929
(Increase) decrease in operating assets	
Accounts receivable	8,844
Grants receivable	5,050
Prepaid expenses	1,230
Employee travel advances	(5,257)
Increase (decrease) in operating liabilities	
Accounts payable	20,354
Salaries payable	4,944
Payroll taxes payable	1,483
Deferred revenue	<u>(67,831)</u>
NET CASH USED BY OPERATING ACTIVITIES	(14,398)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for property and equipment	<u>(3,863)</u>
NET CASH USED BY INVESTING ACTIVITIES	(3,863)
CASH FLOWS FROM FINANCING ACTIVITIES	
Due to cash reserve fund	23,000
Due from operating fund	<u>(23,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>
NET DECREASE IN CASH	(18,261)
BEGINNING CASH	<u>65,838</u>
ENDING CASH	<u>\$ 47,577</u>

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Founded in 1980, New Orleans based Junebug Productions, Inc. has become a leader in the fast growing community based arts movement. Its mission is to create, present, and support the development of high-quality artistic work that supports and encourages African-Americans in the Black Belt South who are working to improve the quality of life available to themselves, and others throughout the world, who are similarly oppressed.

BASIS OF ACCOUNTING

Junebug Productions, Inc. prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards(SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily net assets, and permanently restricted net assets.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

ACCOUNTS RECEIVABLE

All receivables at June 30, 1998 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 1998

FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment is stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the Modified Accelerated Cost Recovery System(MACRS) over the estimated useful lives of the related assets. The useful lives ranges from 5 to 7 years. This income tax method is not materially different from methods under generally accepted accounting principles.

TOTAL COLUMNS

Total columns have been provided on certain statements to facilitate financial analysis. Data in these columns does not present financial position and results of operations in conformity with generally accepted accounting principles.

DEFERRED REVENUE

Deferred revenue in the unrestricted fund results from current year contributions and grants made to support the following years' activities. Deferred revenue in the restricted funds results from contributions, grants and other income which have been restricted by the donor for a specific purpose. Revenue in the restricted funds is recognized only to the extent that related expenses have been incurred.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash equivalents consist primarily of investments in asset management funds. These funds primarily invest in low-risk bond securities. Securities are stated at cost.

Original cost market values and market values at June 30, 1998 are summarized as follows:

	Cost or <u>Donated Value</u>	<u>Market Value</u>
Financial Assets		
Cash and cash equivalents	\$ <u>22,472</u>	\$ <u>23,409</u>

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 1998

NOTE 3. CHANGES IN DEFERRED REVENUE

A summary of deferred revenue follows:

	Unrestricted <u>Use Funds</u>	Restricted <u>Use Funds</u>
Balances at July 1, 1997	\$ 75,000	\$ -
Contributions and grants	7,169	-
Revenue recognized in current year	<u>75,000</u>	<u>-</u>
Balances at June 30, 1998	\$ <u>7,169</u>	\$ <u>-</u>

NOTE 4. INCOME TAXES

The Association is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, accordingly, income taxes are not presented in these financial statements.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Grants and contributions require the fulfillment of certain conditions as set forth in the *instrument of the grant*. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gift.

Junebug Production, Inc. has participated in a Federally assisted grant program with the National Endowment for the Arts. This program is subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 1998

NOTE 6. RESTRICTIONS ON NET ASSETS

	<u>1998</u>	<u>1997</u>
GNOF Endowment Fund	<u>15,952</u>	<u>14,058</u>
Total temporarily restricted net assets	<u>\$ 15,952</u>	<u>\$ 14,058</u>

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Junebug Productions, Inc.

Our report on our audit of the basic financial statements of Junebug Productions, Inc. as of and for the years ended June 30, 1998 and 1997 is presented on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statements on pages 13 through 14 are 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.

Gibson & Goldstein, CPAs
Gibson & Goldstein, CPA's
Metairie, Louisiana
May 28, 1999

JUNEBUG PRODUCTIONS, INC.

COMPARATIVE STATEMENT OF CHANGE IN
NET UNRESTRICTED ASSETS

For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997
and Budget for Year Ended June 30, 1998

	1998		OVER (UNDER) BUDGET	TOTAL ACTUAL 1997
	<u>ACTUAL</u>	<u>BUDGETED</u>		
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE				
Individual contributions	\$ 9,005	\$ 7,500	\$ 1,505	\$ 3,750
Foundation contributions	227,600	130,000	97,600	25,000
Corporate contributions	150	-	150	-
Co-Presenting subsidies	89,762	84,451	5,221	53,825
Revenues and grants from governmental agencies	219,059	251,326	(32,267)	169,005
Earned touring income	67,129	60,950	6,179	96,533
Earned fees	28,940	41,776	(12,836)	20,110
Misc. income	2,043	-	2,043	107
Interest income	<u>7,189</u>	<u>-</u>	<u>7,189</u>	<u>3,535</u>
Total Unrestricted Support and Revenue	650,787	576,003	74,784	371,865
NET ASSETS RELEASED FROM RESTRICTIONS				
Restrictions satisfied by performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Unrestricted Support, Revenue, and Reclassifications	650,787	576,003	74,784	371,865
EXPENSES				
Production expenses	539,657	526,143	13,514	301,441
Support services				
General & administrative	<u>99,578</u>	<u>49,900</u>	<u>49,678</u>	<u>77,589</u>
Total production and Support services	<u>639,235</u>	<u>576,043</u>	<u>63,192</u>	<u>379,030</u>
INCREASE(DECREASE) IN UNRESTRICTED NET ASSETS	<u>11,552</u>	<u>(40)</u>	<u>11,592</u>	<u>(7,165)</u>

JUNEBUG PRODUCTIONS, INC.

COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1998
and Budget for Year Ended June 30, 1998

	TOTAL <u>1998</u>	BUDGETED	OVER (UNDER) BUDGET
Salaries	\$ 232,989	\$ 246,410	\$ (13,421)
Employee benefits	12,548	11,160	1,388
Payroll taxes	<u>20,410</u>	<u>23,483</u>	<u>(3,073)</u>
Total salaries and benefits	<u>265,947</u>	<u>281,053</u>	<u>(15,106)</u>
Casual labor	1815	2,000	(185)
Artists fees	114,485	97,450	17,035
Professional fees	82,300	54,226	28,074
Travel	63,160	60,400	2,760
Sets/props/costumes	2,631	-	2,631
Booking fees	20,380	17,390	2,990
Rent	9,056	14,900	(5,844)
Utilities	4,968	6,508	(1,540)
Insurance	6,255	6,066	189
Printing	13,518	13,250	268
Dues & Subscriptions	3,681	1,250	2,431
Postage	5,860	2,600	3,260
Office supplies	12,586	2,700	9,886
Equipment rental	5,986	3,100	2,886
Eqpt. repair and maintenance	2,794	-	2,794
Performance/rehearsal space rent	1,570	3,275	(1,705)
Miscellaneous	<u>18,314</u>	<u>9,875</u>	<u>8,439</u>
Total expenses before depreciation	369,359	294,990	74,369
Depreciation	<u>3,929</u>	<u>-</u>	<u>3,929</u>
Total Expenses	<u>\$ 639,235</u>	<u>\$ 576,043</u>	<u>\$ 63,192</u>