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NEW ORLEANS BALLET ASSOCIATION

Financial Statements

June 30, 1997 and 1996

(With Independent Auditors' Report Thereon)

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 June 2, 1998

MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
NEW ORLEANS, LOUISIANA

NEW ORLEANS BALLET ASSOCIATION

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MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors of
New Orleans Ballet Association

I have audited the accompanying statements of financial position of the New Orleans Ballet Association (a not-for-profit organization) as of June 30, 1997 and 1996 and the related statements of activities and changes in cash flows for the years then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Ballet Association as of June 30, 1997 and 1996 and the results of its operations and the changes in its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 6 to the financial statements, the Association changed its policies of accounting for contributions and temporarily and permanently restricted net assets.



September 15, 1997

NEW ORLEANS BALLET ASSOCIATION
 Statements of Financial Position
 June 30, 1997 and 1996

		<u>1997</u>	<u>1996</u> (As Restated)
<u>Assets</u>			
Cash	\$	134,261.	141,171.
Investments-currently available (note 2)		109,964.	104,691.
Accounts receivable		82,004.	53,250.
Prepaid expenses		16,287.	4,920.
Assets held for permanent restricted net assets:			
Funds held in trust by others (note 3)		96,770.	85,769.
Fixed assets, net (note 4)		<u>55,117.</u>	<u>22,122.</u>
Totals	\$	<u>494,403.</u>	<u>411,923.</u>
 <u>Liabilities</u>			
Accounts payable	\$	9,697.	1,254.
Deferred performance revenues		<u>84,791.</u>	<u>65,615.</u>
Total liabilities		<u>94,488.</u>	<u>66,869.</u>
 <u>Net assets (note 6)</u>			
Unrestricted		258,737.	246,064.
Temporarily restricted		48,015.	16,196.
Permanently restricted		<u>93,163.</u>	<u>82,794.</u>
Total net assets		<u>399,915.</u>	<u>345,054.</u>
Totals	\$	<u>494,403.</u>	<u>411,923.</u>

See accompanying notes to financial statements.

NEW ORLEANS BALLET ASSOCIATION
 Statements of Activities
 For the years ended June 30, 1997 and 1996

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Revenues, Gains & Other Support:			
Contributions	\$ 354,850.	26,408.	0.
Grants	74,366.	18,000.	0.
Performances	444,553.	0.	0.
Fund-raising	101,651.	0.	0.
Interest and dividends	7,247.	0.	0.
Miscellaneous	1,701.	0.	0.
Net assets released from restrictions	<u>13,222.</u>	<u>(13,222.)</u>	<u>0.</u>
Total revenues, gains & other support	<u>997,590.</u>	<u>31,186.</u>	<u>0.</u>
Expenses:			
Production	\$ 633,578.		
Fund-raising	37,603.		
Management & general	<u>313,736.</u>		
Total operating expenses	<u>984,917.</u>	<u>0.</u>	<u>0.</u>
Increase in net assets from operations	12,673.	31,186.	0.
Other changes:			
Endowment return not in current operations	0.	633.	10,369.
Endowment fund grant	<u>0.</u>	<u>0.</u>	<u>0.</u>
Increase in net assets	12,673.	31,819.	10,369.
Net Assets - Beginning of year, as restated (note 6)	<u>246,064.</u>	<u>16,196.</u>	<u>82,794.</u>
Net Assets - End of year	\$ <u>258,737.</u>	<u>48,015.</u>	<u>93,163.</u>

See accompanying notes to financial statements

NEW ORLEANS BALLET ASSOCIATION
Statements of Cash Flows
For the years ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u> (As Restated)
Cash flows from operating activities:		
Increase in net assets from operations	\$ 43,859.	86,458.
Adjustment to reconcile losses from operations to net cash provided by operating activities:		
Depreciation	20,254.	19,033.
Changes in:		
Investments-currently available	(5,273.)	(104,691)
Accounts receivable	(28,754.)	(21,003)
Prepaid expenses	(11,367.)	10,707.
Accounts payable and accrued expenses	8,444.	(458)
Deferred performance revenues	19,176.	(27,837)
Net cash provided (used) in operating activities	46,339.	(37,793)
Endowment fund grant	<u>0.</u>	<u>(22,500)</u>
 Net cash provided (used) by operating activities and other changes	 <u>46,339.</u>	 <u>(60,293)</u>
 Cash flows from investing activities:		
Acquisition of fixed assets	<u>(53,248.)</u>	<u>0.</u>
Net cash used by investing activities	<u>(53,249.)</u>	<u>0.</u>
 Cash flows from financing activities:		
Reductions in note payable	<u>0.</u>	<u>(50,000)</u>
Net cash used by financing activities	<u>0.</u>	<u>(50,000)</u>
 Net decrease in cash	 (6,910.)	 (110,293)
 Cash - beginning of year	 <u>141,171.</u>	 <u>251,464.</u>
 Cash - end of year	 \$ <u>134,261.</u>	 <u>141,171.</u>

See accompanying notes to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 1997

Note 1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

The New Orleans Ballet Association (the Association) is a not-for-profit organization chartered on August 14, 1969 with the name change becoming effective October 18, 1991. It engages principally in the promotion of dance through live performances and also the encouragement and development of an appreciation of dance.

Unrestricted Funds include funds received from subscription revenues, contributions and grants from both individuals, corporate and government entities which impose no restrictions on the Association as to their use or purpose. Such funds are expended for charitable purposes and the promotion of dance as deemed appropriate by the Board of Directors of the Association. Some Unrestricted Funds are designated by the board for specific purposes.

Temporarily Restricted Funds include funds that are donor designated gifts and grants, whereby the donor at the time of the gift may specifically identify the type of charitable or dance activity to be benefitted and provide guidelines for the timing of distribution. These type of funds are handled by the Association as a service to donors and beneficiaries. In addition, the unexpended income derivable from permanently restricted funds is recorded in those funds.

Permanently Restricted Funds includes an endowment which provided that the principal assets of its trust fund are to be maintained inviolate and in perpetuity.

(b) Summary Of Significant Accounting Policies

New Donations

New donations are accrued when all the events required for the transfer of the assets from the donor to the Association have occurred.

Promises To Give

Contributions or grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions or grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the year in which the contribution 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.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 1997

Note 1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Summary Of Significant Accounting Policies

Investments

The Association records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

Dividend and interest income from investments is accrued as the income is earned.

Use of Estimates

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

(c) Income Tax Status

The Association and is exempt from federal income taxes under section 501 (c)(3) of the U.S. Internal Revenue Code. Gifts to the Association are tax deductible.

Note 2 - INVESTMENTS

Investments-currently available are shown at market value on the statement of financial position. Their original cost was \$100,000 and they are invested in a government securities fixed income money-market type fund:

		<u>1997</u>	<u>1996</u>
Market value	\$	<u>109,964.</u>	<u>104,691.</u>

Note 3 - FUNDS HELD IN TRUST BY OTHERS

The Association has an endowment fund held by The Greater New Orleans Foundation which is the trustee. This fund originated from a grant by the Arts Council of New Orleans under its Partnership Endowment Grant Program through the National Endowment for the Arts. Under the terms of this endowment fund, the Association in the prior year contributed \$22,500 in order to receive the accumulated balance in the fund since 1987 (the date of the grant). The Association is allowed to withdraw only 5% annually of the endowment fund's average balance over the last twelve quarters which for the year's ended June 30, 1997 and 1996 amounted to \$3,608 and \$2,975, respectively. The Association has not withdrawn any of these available funds, and therefore, they are being shown as temporarily

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 1997

Note 3 - FUNDS HELD IN TRUST BY OTHERS

restricted net assets. This endowment continues for as long as the Association is in legal existence.

		<u>1997</u>	<u>1996</u>
Market value	\$	<u>96,770.</u>	<u>85,769.</u>
(As stated in trustee's quarterly report)			

Note 4 - Fixed Assets

Fixed assets at June 30, are summarized as follows:

		<u>1997</u>	<u>1996</u>
Ballet equipment	\$	21,648.	21,648.
Office furniture and equipment		<u>97,653.</u>	<u>44,403.</u>
		119,301.	66,051.
Less accumulated depreciation		<u>(64,184.)</u>	<u>(43,929.)</u>
Fixed assets, net	\$	<u>55,117.</u>	<u>22,122.</u>

Depreciation charged to management and general expenses for the year's ended June 30, 1997 and 1996 was \$20,254 and \$19,033, respectively. Fixed assets are recorded at cost. Depreciation is provided on the straight-line basis method. Computer and office equipment is depreciated over a five-year period.

Note 5 - Building Leases

In the current year, the Association move into new offices. This office space is being provided as a donation by the New Orleans Charities Building Corp. over a five year period. Based on comparable market rent for similar office space the Association has recorded rent expense for five months of the current year's occupancy of \$19,408. Annually, the office rent expense of this annual donation will be \$46,508.

The Association also has various short-term lease agreements for equipment used in the performances and leases of performance facilities on an as needed basis only. Total rental expense for the years ended June 30, 1997 and 1996 was approximately \$73,143 and \$45,459, respectively, and includes rental of administrative office space, performance facilities and equipment.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 1997

Note 6 - RESTATEMENT

The Association changed its policy of accounting for contributions, presentation of its financial statements and permanently and temporarily restricted net assets to be in accordance with Statements of Financial Accounting Standards No. 116, 117 and 124. All contributions are recorded as revenues when received and if there are any donor restrictions they are classified as either temporarily or permanent restricted net assets depending upon the type of restriction. These financial statements have been reclassified to be in conformity with financial presentation guidelines. In addition, temporarily restricted net assets, as restated, include contributions by donors which have short term restrictions and the available portion of the endowment fund held in trust until expended. The permanent restricted net assets, as restated, includes the unavailable corpus of the endowment fund plus its interest, dividends, and net unrealized and realized gains on those investments per the fund's trustee. Prior to these changes, the endowment fund was recorded at original cost plus only its earned interest and dividends as restricted net assets. The available portion of the endowment fund was shown as in unrestricted net assets. June 30, 1996 net assets are restated as follows:

	As Originally <u>Reported</u>	As <u>Restated</u>
Net assets:		
Unrestricted	\$ 247,466.	246,064.
Temporarily restricted	0.	16,196.
Permanently restricted	<u>74,549.</u>	<u>82,794.</u>
Totals	\$ <u>322,015.</u>	<u>345,054.</u>