

SHREVEPORT REGIONAL ARTS COUNCIL  
6-30-99

SHREVEPORT REGIONAL ARTS COUNCIL

SHREVEPORT, LOUISIANA

JUNE 30, 1999

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Release Date NOV 10 1999

SHREVEPORT REGIONAL ARTS COUNCIL

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

September 2, 1999

The Board of Directors  
Shreveport Regional Arts Council  
Shreveport, Louisiana

Independent Auditors' Report

We have audited the statement of financial position of the Shreveport Regional Arts Council at June 30, 1999, 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. 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 Shreveport Regional Arts Council at June 30, 1999, 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 9 for the year ended June 30, 1999, 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 2, 1999, on our consideration of the Council's internal control structure and on its compliance with laws and regulations.

*Heard, McElroy + Vestal, LLP*

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 1999

A S S E T S

Current assets:

Cash and cash equivalents-Notes 5 and 8	283,727
Investments-Notes 5 and 8	<u>1,099,515</u>
Total cash and investments	1,383,242
Grants receivable	130,154
Other receivables	83,308
Prepaid insurance	<u>12,735</u>
Total current assets	1,609,439

Equipment (less accumulated depreciation of \$76,384) 60,904

Other assets:

    Deposits 1,200

Total assets 1,671,543

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	8,882
Grants payable	21,355
Accrued expenses-Note 6	<u>16,968</u>
Total current liabilities	47,205

Net assets:

    Unrestricted:

Designated-Note 8	1,099,515
Undesignated	<u>368,951</u>
Total unrestricted	1,468,466

Temporarily restricted	<u>155,872</u>
Total net assets	<u>1,624,338</u>

Total liabilities and net assets 1,671,543

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

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>			
Admission sales and concessions, net of expenses of \$45,979	45,077	-	45,077
Tuition and fees	57,468	-	57,468
Individual contributions:			
Memberships	15,310	-	15,310
Other	11,345	1,650	12,995
Business and industry contributions	76,944	55,467	132,411
Foundation grants	14,000	2,000	16,000
Government grants:			
City of Shreveport	133,000	223,635	356,635
Louisiana Division of the Arts	128,260	334,533	462,793
Net revenue-Christmas in the Sky-Note 10	224,443	-	224,443
In-kind donations	12,500	2,500	15,000
Investment income	32,549	3,340	35,889
Realized and unrealized gains on investments	53,208	-	53,208
Miscellaneous income	9,928	609	10,537
Total support and revenue	<u>814,032</u>	<u>623,734</u>	<u>1,437,766</u>
<u>Net assets released from restrictions</u>	833,362	(833,362)	-
<u>Expenses:</u>			
Program services:			
Artbreak	126,643	-	126,643
Arts in Education	51,872	-	51,872
Community Cultural Plan	57,617	-	57,617
Downtown Neon Saturday Nights	139,456	-	139,456
Decentralized Arts Funding	303,192	-	303,192
NEA programs	126,978	-	126,978
Other programs	206,119	-	206,119
Supporting services:			
General and administrative	424,022	-	424,022
Total expenses	<u>1,435,899</u>	<u>-</u>	<u>1,435,899</u>
<u>Change in net assets</u>	211,495	(209,628)	1,867
<u>Net assets-beginning of year</u>	<u>1,256,971</u>	<u>365,500</u>	<u>1,622,471</u>
<u>Net assets-end of year</u>	<u>1,468,466</u>	<u>155,872</u>	<u>1,624,338</u>

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, 1999

<u>Cash flows from operating activities:</u>	
Change in net assets	1,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	20,239
Realized and unrealized gain on sale of investments	(53,208)
Decrease in grants receivable	201,631
Decrease in other receivables	64,116
(Increase) in prepaid insurance	(2,066)
Decrease in prepaid expenses-Christmas in the Sky	24,115
(Decrease) in grants payable	(15,016)
Increase in accrued expenses	7,388
(Decrease) in accounts payable	<u>(29,138)</u>
Total adjustments	<u>218,061</u>
Net cash provided by operating activities	219,928
<u>Cash flows used by investing activities:</u>	
Fixed asset purchases	(1,989)
Proceeds from sale of investments	1,869,512
Purchase of investments	(2,123,128)
Payment of deposit	(500)
Sale of auction items	<u>(9,500)</u>
Net cash (used) by investing activities	<u>(265,605)</u>
<u>Net (decrease) in cash and cash equivalents</u>	(45,677)
<u>Cash and cash equivalents at beginning of year</u>	<u>329,404</u>
<u>Cash and cash equivalents at end of year</u>	<u><u>283,727</u></u>

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

SHREVEPORT REGIONAL ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

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

Basis 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 actions of the Council, and/or 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. 116, 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 restrictions expire 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.



2. 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 those 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 cost less accumulated depreciation. Depreciation is calculated using the straight-line method. Equipment is depreciated over an estimated useful life of seven years.

Cash 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 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 accommodated the objectives of the organization to 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, 1999, cash and investments consisted of the following:

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents	283,727	283,727
Investments: Fixed income mutual funds	558,172	542,360
Equity mutual funds	<u>552,283</u>	<u>557,155</u>
	<u>1,394,182</u>	<u>1,383,242</u>

The Council had demand deposits in a bank in excess of federally insured limits of \$108,339. The investment in mutual funds (\$1,099,515) was also uninsured, making a total of \$1,207,854 in off-balance sheet risk. Realized gains were \$149,806 and unrealized losses were \$96,598 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 employees 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, 1999.

7. 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 \$558. Following is a summary of future minimum lease payments as of June 30, 1999:

Year Ending June 30,	
2000	6,696
2001	6,135
2002	-
2003	-
2004	-
	<u>12,831</u>

8. Designated Net Assets

The Board of Directors designated cash and investments totaling \$1,099,515 to insure that the Council's resources will remain stable regardless of potential changes in public or private funding.

9. Employees' Retirement Plan

Shreveport Regional Arts Council 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 3% of his annual compensation, or \$6,000 whichever is less. The contribution charged to expense for the year ended June 30, 1999 was \$8,862.

10. Christmas in the Sky

The Council holds its major fund-raising event every other year. The event includes entertainment and an auction of donated items. The year ended June 30, 1999 included a Christmas in the Sky event. Following is a detail of revenues and expenses for the year ended June 30, 1999, Christmas in the Sky event:

Revenues:

Admission and t-shirt sales	212,138
Auction sales	241,040
Contributions	101,596
Miscellaneous income	4,860
Interest income	1,297
In-kind donations	<u>22,900</u>
Total revenues	583,831

Expenses:

Bank and credit card charges	10,540
Professional services	13,983

10. Christmas in the Sky (Continued)

Expenses:

Equipment and facilities rental	33,104
Travel and entertainment	81,110
Technical fees	43,363
Auction item fees	4,548
Promotion and printing	49,142
Postage	7,659
Salaries	23,669
Supplies and materials	60,364
Insurance	6,575
Office expense	3,920
Dues and subscriptions	1,192
Repairs and maintenance	3,929
Telephone	469
Utilities	8,308
Security	4,638
Miscellaneous	<u>2,875</u>
Total expenses	<u>359,388</u>
Net revenue-Christmas in the Sky	<u>224,443</u>

OTHER FINANCIAL INFORMATION

SHREVEPORT REGIONAL ARTS COUNCIL

SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 1999

	<u>General and Administrative</u>	<u>Artbreak</u>	<u>Arts in Education</u>
<u>Support and revenue:</u>			
Admission sales and concessions	1,482	25,803	-
Tuition and fees	275	3,587	51,585
Individual contributions:			
Memberships	15,310	-	-
Other	-	11,345	-
Business and industry contributions	10,000	66,944	-
Foundation grants	-	14,000	-
Government grants:			
City of Shreveport	125,000	8,000	-
Louisiana Division of the Arts	123,590	4,670	-
Net revenue-Christmas in the Sky	224,443	-	-
In-kind donations	10,000	2,500	-
Investment income	32,549	-	-
Realized and unrealized gains on investments	53,208	-	-
Miscellaneous income	9,928	-	-
Total support and revenue	<u>605,785</u>	<u>136,849</u>	<u>51,585</u>
 <u>Expenses:</u>			
Bank charges	559	-	-
Contract labor	3,393	-	-
Depreciation expense	20,239	-	-
Professional services	14,734	40,469	32,007
Salaries	217,637	13,251	13,240
Employee benefits	31,332	-	-
Payroll taxes	29,736	-	-
Taxes-other	5,444	50	-
Repair and maintenance	692	-	-
Equipment and facility rentals	9,956	6,428	-
Security	1,166	7,890	-
Travel:			
Staff and board	15,578	-	-
Program	-	6,809	5,166
Promotion and printing	20,496	11,953	-
Postage	6,011	1,040	176
Telephone	5,379	240	259
Supplies and materials	13,611	19,492	647
Insurance expense	7,243	3,450	-
Interest expense	270	-	-
Grants to other agencies	-	-	-
Miscellaneous expense	3,619	525	10
Office	11,035	5,645	-
Awards	-	9,196	-
Dues and subscriptions	5,605	142	367
Utilities	287	63	-
Total expenses	<u>424,022</u>	<u>126,643</u>	<u>51,872</u>
 <u>Change in net assets</u>	 <u>181,763</u>	 <u>10,206</u>	 <u>(287)</u>

<u>Regrants, Panels and Other Programs</u>	<u>Community Cultural Plan</u>	<u>Downtown Neon Saturday Nights</u>	<u>Decentralized Arts Funding</u>	<u>NEA Programs</u>	<u>Total</u>
-	-	11,389	-	6,403	45,077
60	-	1,961	-	-	57,468
-	-	-	-	-	15,310
1,000	-	-	-	650	12,995
-	-	56,767	-	(1,300)	132,411
2,000	-	-	-	-	16,000
116,135	100,000	7,500	-	-	356,635
11,860	3,625	-	319,048	-	462,793
-	-	-	-	-	224,443
-	-	2,500	-	-	15,000
155	1,512	-	1,673	-	35,889
-	-	-	-	-	53,208
112	-	-	497	-	10,537
<u>131,322</u>	<u>105,137</u>	<u>80,117</u>	<u>321,218</u>	<u>5,753</u>	<u>1,437,766</u>
-	623	-	20	-	1,202
-	-	-	-	-	3,393
-	-	-	-	-	20,239
29,335	-	59,080	1,400	78,732	255,757
-	56,096	29,978	39,299	-	369,501
-	-	-	-	-	31,332
-	-	-	-	-	29,736
-	-	593	-	-	6,087
3,976	-	4,258	-	1,632	10,558
483	-	7,191	-	4,007	28,065
-	-	8,905	-	-	17,961
-	-	-	3,518	4,020	23,116
4,945	-	2,096	-	3,524	22,540
3,303	-	15,747	-	6,343	57,842
646	-	1,819	737	3,585	14,014
-	499	110	499	253	7,239
7,221	-	4,191	69	9,401	54,632
181	186	4,951	-	10,124	26,135
-	-	-	-	-	270
155,300	-	-	257,488	-	412,788
5	-	2,454	94	392	7,099
151	213	648	68	277	18,037
60	-	-	-	-	9,256
493	-	-	-	25	6,632
20	-	(2,565)	-	4,663	2,468
<u>206,119</u>	<u>57,617</u>	<u>139,456</u>	<u>303,192</u>	<u>126,978</u>	<u>1,435,899</u>
<u>(74,797)</u>	<u>47,520</u>	<u>(59,339)</u>	<u>18,026</u>	<u>(121,225)</u>	<u>1,867</u>

September 2, 1999

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, 1999, and have issued our report thereon dated September 2, 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 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 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 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 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 solely for the information of management, the board of directors, the State of Louisiana, and the National Endowment for the Arts, and is not intended to be and should not be used by anyone other than these specified parties.

*Heard, McElroy + Vestal, LLP*

**HMV**

SHREVEPORT REGIONAL ARTS COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1999

We have audited the financial statements of Shreveport Regional Arts Council as of and for the year ended June 30, 1999, and have issued our report thereon dated September 2, 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. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - no material noncompliance was noted.

b. Federal Awards - Not applicable.

Section II - Financial Statement Findings

No matters were reported.



SHREVEPORT REGIONAL ARTS COUNCIL

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 1999

No prior year findings were reported.