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**ARTS & HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA
Lake Charles, Louisiana**

**Financial Statements
August 31, 1998 and 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 MAR 10 1999

**ARTS & HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA
Lake Charles, Louisiana**

**Financial Statements
August 31, 1998 and 1997**

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Founded in 1978

BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Arts & Humanities Council of
Southwest Louisiana
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Arts & Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 1998 and 1997, and the statements of activity, functional expenses 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 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 Arts & Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 1998 and 1997, and the changes in its net assets and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Broussard & Company

February 1, 1999
/dkb

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ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statements of Financial Position
August 31,

	1998	1997
Assets		
Current Assets		
Cash	\$ 82,255	\$ 67,320
Prepaid expenses	407	410
Inventory	1,333	-
Total Current Assets	83,995	67,730
Noncurrent Assets		
Office furniture and equipment	14,086	12,797
Accumulated depreciation	(8,103)	(6,025)
Total Noncurrent Assets	5,983	6,772
Total Assets	\$ 89,978	\$ 74,502
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,958	\$ -
Regrants payable	32,028	38,185
Payroll taxes payable	1,753	1,313
Accrued payroll payable	6,474	5,618
Obligations under capital lease	-	1,089
Total Liabilities	54,213	46,205
Net Assets		
Unrestricted	35,765	28,297
Total Liabilities and Net Assets	\$ 89,978	\$ 74,502

See Notes to Financial Statements.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statements of Activity
Years Ended August 31,

	1998	1997
Revenues and Other Support		
Memberships	\$ 25,665	\$ 28,104
Contributions	425	1,013
Fund raising	9,301	5,697
Arts camp	44,119	40,000
Grants	239,709	236,240
Interest income	2,819	179
Special projects	550	-
Gift shop sales	5,158	-
Less-Gift shop costs of sales	(4,886)	-
	322,860	311,233
Program Services:		
Arts & Humanities Program	101,588	98,555
Decentralized Arts Program	166,648	185,463
Special projects	-	191
	268,236	284,209
Support Services		
General and administrative	35,265	28,348
Fund raising	11,891	11,757
	47,156	40,105
Increase (Decrease) in Unrestricted Net Assets	7,468	(13,081)
Net Assets, beginning	28,297	41,378
Net Assets, ending	\$ 35,765	\$ 28,297

ARTS HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA

Lake Charles, Louisiana

Statements of Functional Expenses

Years Ended August 31,

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>1998 Total</u>	<u>1997 Total</u>
Salaries	\$ 41,102	\$ 17,073	\$ 5,059	\$ 63,233	\$ 59,160
Payroll taxes	3,144	1,306	387	4,837	4,277
Arts camp	42,350	-	-	42,350	42,558
Bank charges	-	151	-	151	62
Depreciation	-	2,078	-	2,078	2,047
Fund raising	-	-	5,168	5,168	3,185
Insurance	-	2,662	-	2,662	1,684
Interest	-	-	-	-	746
Legal and professional	304	2,732	-	3,036	2,800
Marketing	-	-	-	-	465
Membership/subscription	1,129	376	-	1,505	1,750
Miscellaneous	-	647	-	647	283
Panel meetings	1,023	-	-	1,023	433
Printing	4,329	240	240	4,810	4,695
Professional development	500	56	-	555	797
Postage	1,636	409	-	2,045	2,609
Regrants	166,648	-	-	166,648	185,463
Public relations	-	881	-	881	200
Rent expense	-	4,581	-	4,581	-
Repairs and maintenance	751	450	300	1,501	2,144
Special projects	-	-	-	-	191
Supplies	2,211	737	737	3,685	4,024
Telephone	886	886	-	1,772	2,038
Travel	1,208	-	-	1,208	2,705
Workshop/training	1,017	-	-	1,017	-
Total Expense	\$ <u>268,236</u>	\$ <u>35,265</u>	\$ <u>11,891</u>	\$ <u>315,392</u>	\$ <u>324,315</u>

ARTS & HUMANITIES OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statement of Cash Flows
Years Ended August 31,

	1998	1997
Cash Flows From Operating Activities:		
Cash received from supporters, grants, and programs	\$ 324,927	\$ 311,054
Cash paid to employees, suppliers, and for programs	(140,005)	(167,857)
Regrants paid	(172,805)	(147,278)
Interest income	2,819	179
Net Cash Provided by Operating Activities	14,936	(3,902)
Cash and Cash Equivalents		
Beginning	67,319	71,221
Ending	\$ 67,319	\$ 71,221
Reconciliation of Revenue and Other Support Over Expenses to Net Cash Provided by Operating Activities:		
Increase (Decrease) in unrestricted net assets	\$ 7,468	\$ (13,081)
Adjustments to reconcile change in excess of revenue and support over expenses to net cash provided by operating activities:		
Depreciation	2,078	2,047
(Increase) in fixed assets	(1,289)	(596)
(Increase) in inventory	(1,333)	-
Decrease (increase) in prepaid expenses	3	(31)
Increase (decrease) in accounts and payroll taxes payable	15,255	3,779
Increase (decrease) in grants payable	(6,157)	7,187
Increase (decrease) in capital leases payable	(1,089)	(3,207)
Net Cash Provided (Used) by Operating Activities	\$ 14,936	\$ (3,902)

ARTS & HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements
August 31, 1998 and 1997

Note 1 - Organization and Purpose

The Arts & Humanities Council of Southwest Louisiana (Council), formerly The Calcasieu Arts and Humanities Council, Inc., is a nonprofit corporation organized under the laws of the State of Louisiana to coordinate, undertake, promote, develop, support, encourage, advance and conduct charitable, cultural, educational, leisure time, creative, historical and artistic activities; to unite those of the community who are members of the arts, or business and industry, and of the humanitarian and educational fields in the promotion, support, development and encouragement of these activities. The Council is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Council are qualified as charitable donations. In March, 1995, the Council changed its name from The Calcasieu Arts and Humanities Council, Inc. to Arts & Humanities Council of Southwest Louisiana.

Note 2 - Summary of Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles utilizing the accrual basis of accounting.

The Council receives much of its revenues through grants from state agencies (Louisiana Division of the Arts), and community support for arts and humanities activities. All support is considered available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Pledges are recorded when the cash is received.

Expenses are recorded as incurred.

All financial transactions have been recorded and reported as changes to net assets (restricted and unrestricted) with identification by activity and functional categories.

Current unrestricted net assets are funds presently available for use by the Council at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such funds are classified as Board designated net assets.

The Council considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Depreciation of property and equipment is provided for over the useful life of each asset based on the straight-line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

Furniture and equipment	5 - 7 years
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ARTS & HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
August 31, 1998 and 1997

Note 2 - Summary of Significant Accounting Policies (Continued)

No amounts have been reflected in the statements for donated services because these contributed services do not meet the criteria for revenue recognition and there is not objective basis available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Council's program services and its fund raising activities.

Inventory is stated at the lower cost (first-in, first-out) or market value.

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.

Note 3 - Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. With respect to the statement of activities, such prior year information is not presented by net asset class, and in the statement of functional expenses, 1997 expenses by object are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended August 31, 1997, from which the summarized information was derived.

Note 4- Office Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended August 31, 1998 and 1997 totaled \$2,047 and \$1,931, respectively.

Note 5 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs benefited and supporting activities based on management's analysis of the benefit received by supporting and program services. Direct program expenses are allocated 100% to program services.

Note 6 - Rent Agreement

The Council occupies its operating facility in rent free space donated by a supporter. This in-kind contribution is not reflected in the financial statements.

ARTS & HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana

Notes to Financial Statements (Continued)
August 31, 1998 and 1997

Note 7 - Contingencies

The Council receives a significant portion of its revenue from local and State grants which are subject to final review and approval by the respective grantor agencies as to allowability of expenditures. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the grantor agency and the Council. It is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would affect the Council's financial position.

Note 8 - Economic Dependency

As noted above, the Council receives much of its revenue from funds provided through grants administered by State agencies. The underlying funding is appropriated each year by the State government. If significant budget cuts are made at the State level, the amount of funding the Council receives could be reduced significantly and have an adverse impact on the Council's operations.



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BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Arts & Humanities Council of
Southwest Louisiana
Lake Charles, Louisiana

We have audited the financial statements of Arts & Humanities Council of Southwest Louisiana as of and for the periods ended August 31, 1998 and 1997, and have issued our report thereon dated February 1, 1999.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Arts & Humanities Council of Southwest Louisiana is the responsibility of Arts & Humanities Council of Southwest Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Arts & Humanities Council of Southwest Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Association had not complied, in all material respects, with those provisions.

This report is intended for the information of The Board of Directors, management, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard & Company

February 1, 1999
/dkb

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Arts & Humanities Council of
Southwest Louisiana
Lake Charles, Louisiana

We have audited the financial statements of Arts & Humanities Council of Southwest Louisiana as of and for the periods ended August 31, 1998 and 1997, and have issued our report thereon dated February 1, 1999.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Arts & Humanities Council of Southwest Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Arts & Humanities Council of Southwest Louisiana for the periods ended August 31, 1998 and 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

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

Broussard & Company

February 1, 1999
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ARTS & HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended August 31, 1998

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on general purpose financial statements.
2. The audit did not disclose any reportable conditions in internal control.
3. The audit did not disclose any noncompliance which is material to the financial statements.

ARTS & HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana

Summary of Prior Year Findings
For the Year Ended August 31, 1998

A. None disclosed per audit.