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NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 1999 AND 1998

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 ~~DEC 15 1999~~

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 1999 AND 1998

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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, 1999 and 1998, 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, 1999 and 1998, 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 October 29, 1999, 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 and Hassell
Monroe, Louisiana
October 29, 1999

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash & Cash Equivalents (Notes 1 & 2)	127,973	126,854
Grants Receivable	<u>3,365</u>	<u>10,842</u>
<u>TOTAL CURRENT ASSETS</u>	131,338	137,696
<u>Furniture and Equipment, net (Notes 1 & 3)</u>	<u>11,006</u>	<u>9,331</u>
<u>TOTAL ASSETS</u>	<u>142,344</u>	<u>147,027</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	0	75
Accrued Payroll Taxes	2,492	2,043
Deferred Revenue	0	6,250
DAFP Grants & Expenses Payable	<u>61,974</u>	<u>69,148</u>
<u>TOTAL CURRENT LIABILITIES</u>	64,466	77,516
<u>Net Assets</u>		
Unrestricted:		
Operating	66,872	60,179
Fixed Assets	<u>11,006</u>	<u>9,332</u>
<u>TOTAL NET ASSETS</u>	<u>77,878</u>	<u>69,511</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>142,344</u>	<u>147,027</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>PUBLIC SUPPORT AND REVENUES</u>		
Memberships	22,173	20,141
Interest	2,921	2,776
Arts in Education	18,903	18,551
Arts Academy	3,000	0
Corporate Support	17,890	5,000
Fundraisers	23,301	18,996
Grant-City of Monroe	25,000	25,000
Grant-DOA General Support	13,460	13,369
Donations	0	50
Contributed Office Space	20,000	15,000
Grant - Southern Arts Federation	0	1,125
Grant-DOA Arts in Education	1,530	14,013
DAFP - CDC - Contract	25,000	25,000
DAFP - Parish Grants	143,875	143,874
DAFP - Administration	15,986	15,986
Brown Bag Concerts	1,200	1,000
Grant-City of Monroe-Regrants	5,000	5,000
Foundation Grants	14,500	12,000
Other Income	<u>10,322</u>	<u>0</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	364,061	336,881

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>EXPENSES</u> (Note 6)		
Meeting Expense	890	880
Arts Award Gala	5,120	0
Arts in Education Expense	27,403	29,918
Board Meeting Expense	3,056	600
Brown Bag Concerts	945	1,224
Computer Expense	1,675	1,280
Depreciation	4,160	2,620
Discretionary Fund Expense	3,810	3,276
DAFP - Parish Grants	143,875	143,874
Dues and Subscriptions	4,500	2,673
Education Consultant	5,515	0
Equipment Rent	250	486
Fundraiser Expense	6,563	13,038
Insurance	547	629
Membership Drive	148	1,070
Miscellaneous Expense	0	369
Newsletter Expense	4,700	4,100
Office Rent	20,000	15,000
Office Supplies & Expense	5,570	5,067
Payroll Tax Expense	5,403	5,241
Postage Expense	1,523	1,450
Printing	4,450	4,000
Professional Fees	4,006	4,261
Regrants	22,810	11,400
Salaries	61,850	69,057
Telephone	6,908	4,248
Travel (Staff & Artistic)	<u>10,017</u>	<u>9,351</u>
<u>TOTAL EXPENSE</u>	<u>355,694</u>	<u>335,112</u>
<u>CHANGE IN NET ASSETS</u>	8,367	1,769
<u>NET ASSETS</u> , Beginning of Year	<u>69,511</u>	<u>67,742</u>
<u>NET ASSETS</u> , End of Year	<u>77,878</u>	<u>69,511</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	8,367	1,769
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,160	2,620
(Increase) Decrease In:		
Grants Receivable	7,477	(5,000)
Increase (Decrease) In:		
Accounts Payable	(75)	(966)
Deferred Revenue	(6,250)	6,250
Accrued Payroll Taxes	449	89
NLAC Grants Payable	0	(1,800)
DAFP Grants & Expenses Payable	<u>(7,174)</u>	<u>19,298</u>
<u>NET CASH PROVIDED BY ACTIVITIES</u>	6,954	22,260
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Furniture and Equipment	<u>(5,835)</u>	<u>(4,040)</u>
<u>NET CASH (USED IN) INVESTING ACTIVITIES</u>	<u>(5,835)</u>	<u>(4,040)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	1,119	18,220
<u>BEGINNING CASH & CASH EQUIVALENTS</u>	<u>126,854</u>	<u>108,634</u>
<u>ENDING CASH & CASH EQUIVALENTS</u>	<u>127,973</u>	<u>126,854</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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, 1999 AND 1998

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, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Progressive Bank	44,384	65,389
Hibernia	5,230	1,292
Central Bank - MMA	0	432
Bank One - CD	13,216	12,710
Bank One - CD	5,516	5,306
Bank One - Decentralized Checking	2,565	3,834
Bank One - Decentralized Savings	25,072	19,741
First Republic	14,124	14,135
First Republic - CD	4,187	4,015
Cross Keys Checking	<u>13,679</u>	<u>0</u>
<u>TOTAL</u>	<u>127,973</u>	<u>126,854</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>1999</u>	<u>1998</u>
Furniture and Equipment	23,734	17,900
Less: Accumulated Depreciation	<u>12,728</u>	<u>(8,569)</u>
<u>NET FURNITURE AND EQUIPMENT</u>	<u>11,006</u>	<u>9,331</u>

Depreciation expense for the years ended June 30, 1999 and 1998 totaled \$4,160 and \$2,620, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 1999 and 1998.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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.

SUPPLEMENTAL INFORMATION

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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
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, 1999 and 1998, and have issued our report dated October 29, 1999. 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.

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 and Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
October 29, 1999

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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

All vouchers were approved by management prior to payment. All paid vouchers were indicated as being paid.

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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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.
- 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, 1999 and 1998.
- 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:

NONE