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JEFFERSON PERFORMING ARTS SOCIETY

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS**

YEAR ENDED

JUNE 30, 1999

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 ~~_____~~
~~OCT 06 1999~~

Reginald A. Bresette, III

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

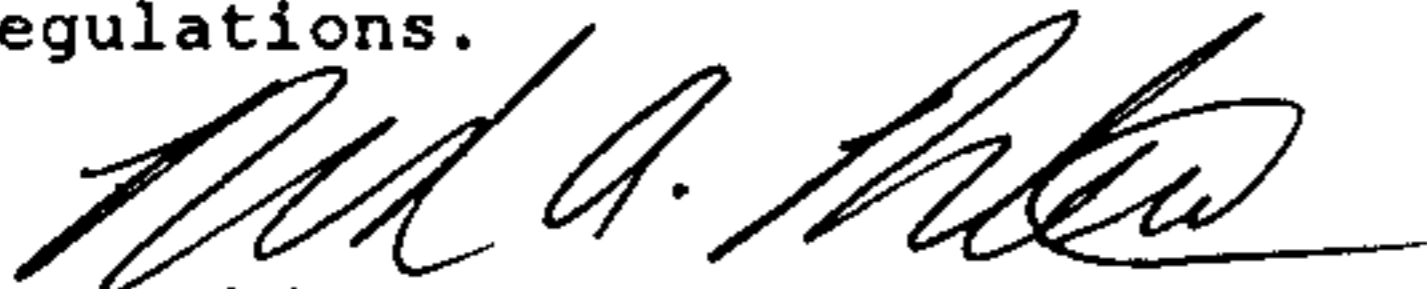
To the Board of Directors
Jefferson Performing Arts Society

We have audited the accompanying statement of financial position of Jefferson Performing Arts Society (a nonprofit organization) as of June 30, 1999, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Jefferson Performing Arts Society as of 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.

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 1999, on our consideration of Jefferson Performing Arts Society's internal control structure and on its compliance with laws and regulations.



Reginald A. Bresette III, APAC
Certified Public Accountants

Metairie, Louisiana
August 20, 1999

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1999

ASSETS

Current Assets

Cash and cash equivalents	\$ 107,197
Investments (Note 3)	39,219
Accounts receivable	3,305
Prepaid expenses	8,545
Unconditional promise to give (Note 4)	<u>27,600</u>

Total Current Assets 185,866

Assets restricted to investment in property, furniture and equipment at cost, less accumulated depreciation of \$191,099 (Note 5)	220,101
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Long-term unconditional promise to give (Note 4)	<u>72,509</u>
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Total Assets \$ 478,476

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 9,112
Payroll taxes payable	4,193
Unearned revenue (Note 6)	28,963
Mortgage payable	<u>4,765</u>

Total Current Liabilities 47,033

Mortgage payable, net of current maturities (Note 8)	<u>95,518</u>
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Total Liabilities 142,551

Net Assets

Unrestricted	45,589
Temporarily restricted by donors (Note 9)	251,117
Permanently restricted by donors (Note 10)	<u>39,219</u>

Total Net Assets 335,925

Total Liabilities and Net Assets \$ 478,476

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues and Reclassifications				
Public Support:				
Contributions	\$ 87,559	\$ 57,025	\$ 39,235	\$183,819
Grant - Jefferson Parish		300,000		300,000
Grant - State of Louisiana	70,530			70,530
Program sponsorship	<u>39,450</u>			<u>39,450</u>
Total Public Support	<u>197,539</u>	<u>357,025</u>	<u>39,235</u>	<u>593,799</u>
Revenues:				
Program service revenue	461,173			461,173
Membership dues	15,980			15,980
Investment income	3,976		178	4,154
Miscellaneous	<u>25,751</u>			<u>25,751</u>
Total Revenue	<u>506,880</u>		<u>178</u>	<u>507,058</u>
Reclassifications:				
Net assets released from restrictions (Note 9)				
Satisfaction of purpose restrictions	311,039	(311,039)		
Expiration of time restrictions	<u>23,842</u>	<u>(23,842)</u>		
Total Reclassifications	<u>334,881</u>	<u>(334,881)</u>		
Total Public Support, Revenues and Reclassifications	<u>1,039,300</u>	<u>22,144</u>	<u>39,413</u>	<u>1,100,857</u>

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Expenses:				
Program Services (Note 12)	\$ 846,307			\$ 846,307
Total Program Services	<u>846,307</u>			<u>846,307</u>
Supporting Services:				
Management and general	167,011			167,011
Fund raising	57,824			57,824
Unrealized losses			\$ 194	194
Total Supporting Services	<u>224,835</u>		<u>194</u>	<u>225,029</u>
Total Expenses	<u>1,071,142</u>		<u>194</u>	<u>1,071,336</u>
Increase (Decrease) in Net Assets	(31,842)	\$ 22,144	39,219	29,521
Net assets at beginning of year	<u>77,431</u>	<u>228,973</u>		<u>306,404</u>
Net assets at end of year	<u>\$ 45,589</u>	<u>\$ 251,117</u>	<u>\$ 39,219</u>	<u>\$ 336,925</u>

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1999

Cash Flows From Operating Activities:

Cash received from Jefferson Parish grant	\$ 300,000
Cash received from State of Louisiana grant	71,530
Cash collected from contributions and program sponsorship	212,925
Cash received from program services	454,798
Cash received from members for dues	15,980
Investment income received	4,154
Other cash received	25,751
Cash paid to employees	(301,591)
Fringe benefits	(69,841)
Professional fees and contract services	(214,723)
Supplies and materials	(63,281)
Telephone	(10,970)
Postage and shipping	(10,309)
Occupancy	(27,223)
Rental and maintenance of equipment	(25,366)
Printing, publications and visual aids	(77,697)
Travel, conferences, conventions and meetings	(23,660)
Jefferson Children's Chorus Atlanta and Tennessee Concerts	(22,808)
Miscellaneous	(20,171)
Interest	(9,314)
Fund raising	(12,712)
Promotion and advertising	(66,790)
Orchestra pit	(58,784)
Net cash provided by operating activities	<u>69,898</u>
Cash Flows From Investing Activities:	
Purchase of investments	(39,413)
Purchase of equipment	<u>(3,297)</u>
Net cash used by investing activities	<u>(42,710)</u>
Cash Flows From Financing Activities:	
Payments on software lease payable	(3,016)
Payments on mortgage payable	<u>(4,399)</u>
Net cash used by financing activities	<u>(7,415)</u>
Net increase in cash	19,773
Cash - beginning of year	<u>87,424</u>
Cash - end of year	<u>\$ 107,197</u>

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1999

**Reconciliation of change in net assets to
net cash provided by operating activities:**

Change in net assets	\$ 29,521
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	25,897
Noncash donation of equipment	(7,000)
Net unconditional promises to give	23,842
Decrease in receivables	1,665
Decrease in prepaid expenses	2,436
Increase in accounts payable	680
Decrease in payroll taxes payable	(711)
Decrease in unearned revenue	(6,626)
Unrealized losses on investments	194
	<u> </u>
Net cash provided by operating activities	\$ <u>69,898</u>

Supplemental data:
Interest paid

\$ 9,314

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 221,571	\$ 43,320	\$36,700	\$ 301,591
Employee benefits and payroll taxes	<u>50,788</u>	<u>9,930</u>	<u>8,412</u>	<u>69,130</u>
Total Salaries and Related Expenses	272,359	53,250	45,112	370,721
Professional fees and contract services	211,159	6,000		217,159
Supplies and materials	51,169	12,792		63,961
Telephone	8,776	2,194		10,970
Postage and shipping	10,309			10,309
Occupancy	43,858	10,965		54,823
Rental and maintenance of equipment	14,946	10,420		25,366
Printing, publications and visual aids	71,516	6,181		77,697
Travel, conferences, conventions and meetings	10,703	12,957		23,660
Jefferson Children's Chorus Atlanta and Tennessee Concerts	22,808			22,808
Miscellaneous	12,237	2,485		14,722
Membership dues		3,787		3,787
Interest		9,314		9,314
Volunteer expenses		1,662		1,662
Promotion and advertising	57,683	9,107		66,790
Fund raising			12,712	12,712
Depreciation		25,897		25,897
Orchestra Pit	<u>58,784</u>			<u>58,784</u>
	<u>\$ 846,307</u>	<u>\$167,011</u>	<u>\$57,824</u>	<u>\$1,071,142</u>

See accompanying notes to financial statements.

JEFFERSON PERFORMING ARTS SOCIETY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF PURPOSE

Jefferson Performing Arts Society (JPAS) is one of Louisiana's fastest growing and Jefferson Parish's largest multi-dimensional arts organization. Through numerous associated activities, JPAS offers members of the metropolitan New Orleans community an opportunity for cultural enrichment, arts education, and professional entertainment in symphonic and vocal music, theater, dance, and children's programs. JPAS offers the young person as well as the adult an opportunity for personal growth and artistic expression through these activities. JPAS provides the artist as well as the audience the cultural nurturing necessary to create the whole person. Finally, it is the dream of JPAS to serve as the catalyst to construct a major facility from which to present its programs and enhance the quality of life in this community.

ASSOCIATED ACTIVITIES

Jefferson Symphony Orchestra
Jefferson Chamber Orchestra
Jefferson Symphony Chorus
Jefferson Children's Chorus
Jefferson Youth Chorale
Jefferson Ballet
Arts Adventure Series (for students)
Theatre Wing
Broadway Pit Orchestra
Jefferson Opera Theater
Special Arts for Seniors Series "SASS"
"SWAT" Stage Without a Theater
Cultural Crossroads

The financial statements of Jefferson Performing Arts Society are prepared on the accrual basis of accounting and in accordance with the recommendations of the American Institute of Certified Public Accountants. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The significant accounting policies followed are described below:

a) Organization

Jefferson Performing Arts Society is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

c) Property, Furniture, Equipment, and Leasehold Improvements

All property, furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment depreciation is computed using different basis over estimated useful lives of 5 to 7 years. Leasehold improvements are depreciated over an estimated useful life of 10 years. The building is depreciated over an estimated useful life of 39 years.

d) In-Kind Support

JPAS occupies an office at 1118 Clearview Parkway in Metairie, Louisiana under a long-term lease. An annual rental of \$1 is paid by JPAS. The estimated approximate fair value of the annual rental is \$27,600 and it is included in the statement of activities as public support and expenses.

JPAS also occupies the auditorium at East Jefferson High School for scheduled performance dates throughout the fiscal year. No rent is paid by JPAS for the long-term agreement that extends to September 1, 2003. No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under SFAS No. 116, Accounting for Contributions Received and Contributions Made. The in-kind support of the Jefferson Parish School Board includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all events scheduled by it. The amount of the support is not readily determinable on an annual basis.

e) Income Taxes

Jefferson Performing Arts Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, Jefferson Performing Arts Society has made no provision for federal income taxes in the accompanying financial statements. In addition, Jefferson Performing Arts Society has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 501(a) of the Internal Revenue Code.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

g) 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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

h) Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

i) Investments

Investments are composed of mutual funds invested in equity securities and are carried at fair value.

NOTE 2--DONATED SERVICES

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the JPAS program service area.

NOTE 3--INVESTMENTS

Investments as of June 30, 1999 are summarized as follows:

	<u>COST</u>	<u>FAIR VALUE</u>	<u>CARRYING VALUE</u>
Permanently Restricted:			
Endowment Fund Investments	\$ 39,413	\$ 39,219	\$ 39,219

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 1999:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Interest and dividends	\$ 3,976	\$ 178	\$ 4,154
Unrealized losses	_____	(194)	(194)
Total investment return	<u>\$ 3,976</u>	<u>(16)</u>	<u>3,960</u>

NOTE 4--UNCONDITIONAL PROMISE TO GIVE

JPAS occupies an office at 1118 Clearview Parkway in Metairie, Louisiana. An annual rental of \$1 is paid by JPAS under a long-term lease. The estimated approximate fair value of the annual rental is \$27,600 and represents an unconditional promise to give by the Parish of Jefferson to JPAS for the next five years. This unconditional promise to give at June 30, 1999 is as follows:

Receivable in less than one year	\$ 27,600
Receivable in one to four years	<u>105,800</u>
Total Unconditional Promise To Give	<u>133,400</u>
Less discounts to net present value	<u>(33,291)</u>
Net Unconditional Promise To Give at June 30, 1999	<u>\$100,109</u>

NOTE 5--PROPERTY, FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, furniture, equipment and leasehold improvements at cost, and accumulated depreciation at June 30, 1999 are summarized as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment and furniture	\$201,766	\$ 158,964	\$ 42,802
Leasehold improvements	67,230	30,253	36,977
Land	112,341		112,341
Building	<u>29,863</u>	<u>1,882</u>	<u>27,981</u>
	<u>\$411,200</u>	<u>\$ 191,099</u>	<u>\$220,101</u>

NOTE 6--UNEARNED REVENUE

A summary of unearned revenue follows:

Ticket sales for performances and events in the next fiscal year	<u>\$ 28,963</u>
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NOTE 7--LEASE COMMITMENTS

On May 18, 1994 JPAS signed a lease with the Parish of Jefferson for Parish owned property at 1118 Clearview Parkway. The term of the lease is for 10 years commencing on April 15, 1994 with an annual consideration of \$1 payable on each anniversary date.

JPAS did not occupy these premises until October 1994. Future minimum lease payments under this noncancellable operating lease are as follows:

2000 through 2003 \$ 4

NOTE 8--MORTGAGE PAYABLE

JPAS is the maker of a mortgage note payable in the original amount of \$110,027 at 8% per annum interest. The mortgage is to be amortized over a period of 15 years in equal monthly installments of \$1,051, which includes principal and interest. The note is secured by a first mortgage on the land and building located at 1122 Clearview Parkway. As of June 30, 1999, the principal balance of the note is \$100,283, of which \$4,765 is due within the next twelve months. As of June 30, 1999, the note is in current condition.

Note 8--MORTGAGE PAYABLE (CONTINUED)

Maturities of the mortgage payable for each of the next five years and thereafter are as follows:

1999-2000	\$ 4,765
2000-2001	5,159
2001-2002	5,588
2002-2003	6,052
2003-2004	6,554
Thereafter	72,165
	<u>\$100,283</u>

NOTE 9--TEMPORARY RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. At June 30, 1999 temporarily restricted net assets are available for the following purposes or periods:

Jefferson Parish Grant to be used for programs in subsequent periods	\$151,008
Jefferson Parish building rental due for subsequent periods	<u>100,109</u>
	<u>\$251,117</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	
Jefferson Parish grant	\$234,242
Orchestra pit construction	76,797
	<u>311,039</u>
Time restrictions expired on lease of 1118 Clearview Parkway	23,842
	<u>\$334,881</u>

NOTE 10--PERMANENT RESTRICTIONS ON ASSETS

Net assets were permanently restricted for the formation of an endowment fund during the fiscal year. The purpose of the endowment fund is to provide a perpetual source of money to assure the future growth and health of Jefferson Performing Arts Society. At June 30, 1999 permanently restricted net assets totaled \$39,219.

NOTE 11--CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

JPAS receives a grant from the Parish of Jefferson which comprises a significant portion of its revenue.

NOTE 12--PROGRAM SERVICES

Program services include activities conducted year round with the Jefferson Symphony Orchestra, Jefferson Children's Chorus, Arts Adventure Series, Cultural Crossroads, SWAT, Theater Wing, Jefferson Chamber Orchestra, Jefferson Symphony Chorus, Jefferson Youth Chorale and Jefferson Opera Theater.

Also during the year program concerts and shows are held for the general public and student population to further appreciation of the arts in the community. These events are held as either one or several performances.

SPECIAL REPORTS OF INDEPENDENT AUDITOR

Reginald A. Bresette, III

A Professional Accounting Corporation

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,
Jefferson Performing Arts Society

We have audited the financial statements of Jefferson Performing Arts Society (the Company) (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 20, 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.

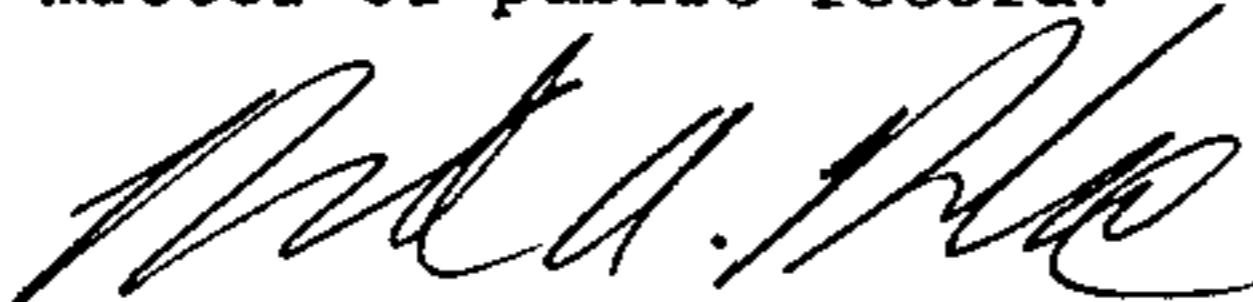
Compliance

As part of obtaining reasonable assurance about whether the Company'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 the Company'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 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 Jefferson Performing Arts Society's management and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Reginald A. Bresette III, APAC
Certified Public Accountants

Metairie, Louisiana
August 20, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1999

We have audited the financial statements of Jefferson Performing Arts Society (JPAS) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 20, 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 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

Material Weaknesses - None Reportable Conditions - None

Compliance

Compliance Material to Financial Statements - No

- b. Federal Awards

JPAS did not receive federal awards during the year ended June 30, 1999.

Section II Financial Statement Findings

There were no financial statement findings during the fiscal year ended June 30, 1999.

Section III Federal Award Findings and Questioned Costs

JPAS did not receive federal awards during the year ended June 30, 1999.

SPECIAL REPORTS OF MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

JPAS had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

JPAS did not receive federal awards during the year ended June 30, 1998.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 1998.

MANAGEMENT CORRECTIVE ACTION PLAN

For the Year Ended June 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

JPAS had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

JPAS did not receive federal awards during the year ended June 30, 1998.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 1998.