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**MULTICULTURAL CENTER OF THE SOUTH, INC.**

**SHREVEPORT, LOUISIANA**

**DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

MULTICULTURAL CENTER OF THE SOUTH, INC.

SHREVEPORT, LOUISIANA

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COMPILED FINANCIAL STATEMENTS

**HEARD  
McELROY  
& VESTAL**  
LLP  
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET  
15TH FLOOR  
SHREVEPORT, LA 71101  
318 429-1525  
318 429-2070 FAX  
POST OFFICE BOX 1607  
SHREVEPORT, LA  
71165-1607

PARTNERS  
J. PETER GAFFNEY, CPA, APC  
SPENCER BERNARD, JR., CPA  
H.Q. GAHAGAN, JR., CPA, APC  
GERALD W. HEDGCOCK, JR., CPA, APC  
TIM B. NIELSEN, CPA, APC  
JOHN W. DEAN, CPA, APC  
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A. D. JOHNSON, JR., CPA  
RON W. STEWART, CPA, APC

OF COUNSEL  
GILBERT R. SHANLEY, JR., CPA  
C. CODY WHITE, JR., CPA, APC  
WILLIAM L. HIGHTOWER, CPA

April 27, 2004

To the Board of Directors  
Multicultural Center of the South, Inc.  
Shreveport, Louisiana

We have compiled the accompanying basic financial statements of Multicultural Center of the South, Inc. as of and for the year ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of Multicultural Center of the South, Inc. We have not audited or reviewed the accompanying basic financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated April 27, 2004, on the results of our agreed-upon procedures.

*Heard, McElroy & Vestal, LLP*

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2003

ASSETS

Current assets:

Cash and cash equivalents	382,406
Accounts receivable	111,464
Prepaid expenses	<u>2,495</u>
Total current assets	496,365

Office furniture and equipment (less accumulated depreciation totaling \$21,534)

6,786

Other assets:

Long-term certificates of deposit	332,592
Deposits	<u>100</u>
Total other assets	<u>332,692</u>

Total assets

835,843

LIABILITIES AND NET ASSETS

Current liabilities:

Credit card payable	1,056
Payroll tax liabilities	<u>3,034</u>
Total current liabilities	4,090

Net assets

831,753

Total liabilities and net assets

835,843

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

See Accountants' Compilation Report

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Support and revenue:</u>	
City of Shreveport (2003)	200,000
State of Louisiana	26,889
Other grants	2,199
Sponsorships and donations	383
Interest income	22,189
Miscellaneous	<u>508</u>
Total support and revenue	252,168
 <u>Expenses:</u>	
Advertising	80
Brochure	1,799
Calendar of events	13,750
Contributions	8,985
Depreciation	5,153
Dues and subscriptions	894
Flowers and gifts	124
Grants	150
Insurance	16,351
Miscellaneous	3,069
Office supplies	2,205
Other operating expenses	8,210
Parking	1,980
Postage	1,438
Professional fees	20,321
Rent	20,042
Repairs and maintenance	6,554
Salaries	120,066
Taxes-payroll	9,472
Telephone	5,204
Travel	3,719
Trust management fees	<u>224</u>
Total expenses	<u>249,790</u>
 <u>Change in net assets</u>	 2,378
 <u>Net assets-beginning of year</u>	 <u>829,375</u>
 <u>Net assets-end of year</u>	 <u>831,753</u>

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

See Accountants' Compilation Report

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities:

Change in net assets	2,378
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	5,153
(Increase) in accounts receivable	(111,464)
Increase in credit card payable	1,056
(Decrease) in payroll tax liabilities	<u>(1,201)</u>
Total adjustments	<u>(106,456)</u>
Net cash (used) by operating activities	(104,078)

Cash flows from investing activities:

Purchases of long-term certificates of deposit	(300,000)
Proceeds from redemption of long-term certificates of deposit	<u>56,310</u>
Net cash (used) by investing activities	<u>(243,690)</u>

Net (decrease) in cash and cash equivalents (347,768)

Cash and cash equivalents at beginning of year 730,174

Cash and cash equivalents at end of year 382,406

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

See Accountants' Compilation Report

MULTICULTURAL CENTER OF THE SOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2003

1. Nature of Business

The Multicultural Center of the South, Inc. (the Center) is a nonprofit corporation governed by a board of directors and administered by a professional staff. The Center's goal is to provide a resource by which the area youth can become better and more successful citizens of the twenty-first century through enhanced knowledge of the peoples of the world with whom they live and work. The Center also promotes the education of the general public and visitors on the cultural diversity and history of the Northwest Louisiana area, as well as the entire south.

2. Summary of Significant Accounting Policies

***Basis of Presentation*** - The financial statements of the Center 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 Center 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 Center, 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 Center. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The Center 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 Center 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.

***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.

See Accountants' Compilation Report



2. Summary of Significant Accounting Policies (Continued)

**Federal Income Taxes** - A provision has not been made for federal income taxes since the Center 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 or amortization. Depreciation and amortization are calculated using the straight-line method. Office furniture is depreciated over an estimated useful life of seven years. Equipment is depreciated over an estimated useful life of five years.

**Cash and Certificates of Deposit** - For purposes of the statement of cash flows, the Center 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. However, 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. Commitments and Contingencies

The Center 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.

4. Cash and Certificates of Deposit

At December 31, 2003, cash and certificates of deposit consisted of the following:

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents	382,406	382,406
Certificates of deposit-maturity greater than 1 year	<u>332,592</u>	<u>332,592</u>
	<u>714,998</u>	<u>714,998</u>

The Center had demand deposits in banks in excess of federally insured limits of \$439,074.

5. Major Source of Finding

The Center has entered into a cooperative endeavor agreement with the City of Shreveport that is approved annually. The Center's ability to operate is dependent upon the annual renewal and approval of this agreement with the City of Shreveport.

See Accountants' Compilation Report

5. Major Source of Funding (Continued)

The City of Shreveport purchased a building in 2003 to house the Center on a permanent basis. The City is funding all renovations directly and reimbursing the Center for purchases of artifacts to be used in the new building. The Center will move into the building in 2004 and will be responsible for paying the operational expenses for the building. At December 31, 2003, the Center has cash in banks and certificates of deposit totaling \$714,998 to be used for funding operational expenses as well as, future tenant rental income, interest income, state contributions and city grants. Operational expenses for 2004 and 2005 are budgeted at approximately \$330,000 per year.

See Accountants' Compilation Report

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WILLIAM L. HIGHTOWER, CPA

April 27, 2004

To the Board of Directors  
Multicultural Center of the South, Inc.  
Shreveport, Louisiana

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Multicultural Center of the South, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Multicultural Center of the South, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*Federal, State and Local Awards*

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Any Multicultural Center of the South Inc.'s local award expenditures for all local programs for the fiscal year follow:

Award	Grant Year	Amount
City of Shreveport-Cooperative Endeavor Agreement	2003	\$200,000
Total expenditures		\$200,000

2. For the above local award, we randomly selected six disbursements administered during the period under examination.

3. For the items selected in Procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, we determined whether the six disbursements received approval from proper authorities.

All items were properly approved.

6. For the items selected in Procedure 2, for local awards, we determined whether the disbursements complied with the grant agreement, relating to:

*Activities allowed or unallowed:*

We reviewed the previously listed disbursements for types of services allowed or not allowed.

*Eligibility*

We reviewed the previously listed disbursements for eligibility requirements.

No exceptions were noted for either of the above tests.

### ***Comprehensive Budget***

7. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration.

We determined that the Center did provide the City's Chief Administrative Officer with a report describing the activities of the organization which had been conducted so far in August of 2003 and in December 2003, as required.

The Center is not required to send a copy of the budget to the City of Shreveport as part of the Cooperative Endeavor Agreement. However, the Center has adopted a budget.

### ***Prior Comments and Recommendations***

8. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.
  - a. We recommended that a CPA be elected to the Board to review financial statements. We noted that a recommendation was made and this is being considered.

- b. We noted that the Center had not met all requirements of the Cooperative Endeavor Agreement with the City of Shreveport.

We noted that much time was spent regarding the permanent location of the Center. As of May 2003, the City of Shreveport has approved the purchase of a downtown building to house the Center on a permanent basis.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Multicultural Center of the South, Inc. and the Legislative Auditor (State of Louisiana), and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Heard, McElroy & Vestal, LLP*

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**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Entities)**

April 29, 2004  
(Date Transmitted)

Heard McElroy & Vestal  
333 Texas St., 15th Floor  
P.O. Box 1607  
Shreveport, LA 71165-1607 (Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

April 27, 2004

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes  No [ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes  No [ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes  No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes  No [ ]

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes  No [ ]

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No [ ]

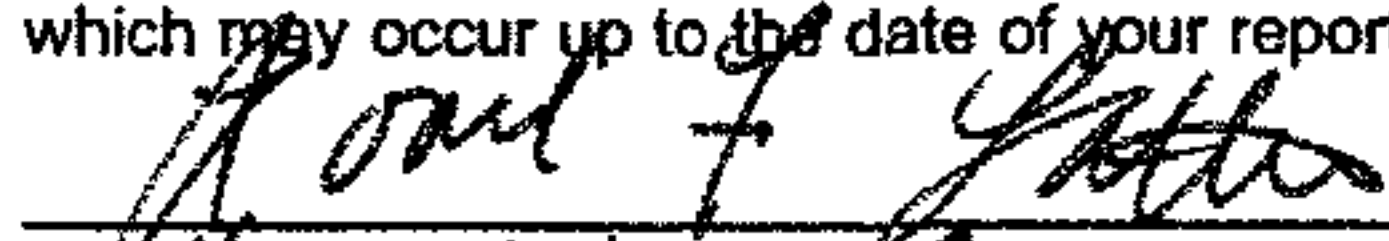


**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

	Secretary	4/29/04	Date
	Treasurer	4-28-04	Date
	President	4-28-04	Date