

---

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**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



**Postlethwaite & Netterville**

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

## CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	6
Notes to Financial Statements	7



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**Independent Auditors' Report**

To the Board of Directors  
Louisiana Artists Guild

We have audited the accompanying statements of financial position of the Louisiana Artists Guild (the Guild, a Louisiana nonprofit corporation), as of December 31, 2003 and 2002, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Guild's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for 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 audits 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 audits provide 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 the Louisiana Artists Guild, as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Guild's compliance and internal control over financial reporting dated April 30, 2004. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Metairie, Louisiana  
April 30, 2004

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2003 AND 2002**

	2003		
	Unrestricted	Temporarily Restricted	2003 Total
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash (overdraft)	\$ (63,227)	\$ 65,500	\$ 2,273
Pledges receivable, current portion	-	4,519,990	4,519,990
Construction account	1,377,561	-	1,377,561
Total current assets	1,314,334	4,585,490	5,899,824
<b><u>PLEDGES RECEIVABLE, NONCURRENT - net of discount of \$22,133</u></b>	-	737,867	737,867
<b><u>CONSTRUCTION ACCOUNT</u></b>	2,421,140		2,421,140
<b><u>DEBT SERVICE RESERVE ACCOUNT</u></b>	654,446	-	654,446
<b><u>CONSTRUCTION IN PROGRESS</u></b>	13,736,868	-	13,736,868
<b><u>EQUIPMENT</u></b>	13,087	-	13,087
<b><u>TOTAL ASSETS</u></b>	\$ 18,139,875	\$ 5,323,357	\$ 23,463,232
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Accrued liabilities	\$ 2,545,385	\$ -	\$ 2,545,385
Line of credit	1,000,000		1,000,000
Loan payable	218,978	-	218,978
Total current liabilities	3,764,363	-	3,764,363
<b><u>NON-CURRENT LIABILITIES</u></b>			
Due to Arts Council of New Orleans	589,777	-	589,777
Loan payable	6,828,160	-	6,828,160
<b><u>TOTAL LIABILITIES</u></b>	11,182,300	-	11,182,300
<b><u>NET ASSETS</u></b>	6,957,575	5,323,357	12,280,932
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	\$ 18,139,875	\$ 5,323,357	\$ 23,463,232

(continued)

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2003 AND 2002**

	2002		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2002 Total</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash	\$ 345,724	\$ -	\$ 345,724
Pledges receivable, current portion	-	5,443,844	5,443,844
Total current assets	<u>345,724</u>	<u>5,443,844</u>	<u>5,789,568</u>
<b><u>PLEDGES RECEIVABLE, NONCURRENT - net of discount of \$19,800</u></b>	-	180,200	180,200
<b><u>CONSTRUCTION ACCOUNT</u></b>	6,194,792	-	6,194,792
<b><u>DEBT SERVICE RESERVE ACCOUNT</u></b>	651,609	-	651,609
<b><u>CONSTRUCTION IN PROGRESS</u></b>	<u>6,749,017</u>	<u>-</u>	<u>6,749,017</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 13,941,142</u>	<u>\$ 5,624,044</u>	<u>\$ 19,565,186</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Accrued liabilities	\$ 219,245	-	\$ 219,245
Line of credit	300,000	-	300,000
Loans payable	52,862	-	52,862
Refundable advances	27,000	-	27,000
Total current liabilities	<u>599,107</u>	<u>-</u>	<u>599,107</u>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Due to Arts Council of New Orleans	655,292	-	655,292
Loan payable	<u>7,047,138</u>	<u>-</u>	<u>7,047,138</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>8,301,537</u>	<u>-</u>	<u>8,301,537</u>
<b><u>NET ASSETS</u></b>	<u>5,639,605</u>	<u>5,624,044</u>	<u>11,263,649</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<u>\$ 13,941,142</u>	<u>\$ 5,624,044</u>	<u>\$ 19,565,186</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003		2003 Total
	Unrestricted	Temporarily Restricted	
<b><u>SUPPORT AND REVENUE</u></b>			
Support			
Programs	\$ 23,215	\$ 1,865,134	\$ 1,888,349
Revenue			
Interest income	8,384	43,804	52,188
Total support and revenue	<u>31,599</u>	<u>1,908,938</u>	<u>1,940,537</u>
<b><u>NET ASSETS RELEASED FROM RESTRICTIONS</u></b>			
	<u>2,209,625</u>	<u>(2,209,625)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Development	292,745	-	292,745
Administration	379,297	-	379,297
Programs	200,501	-	200,501
Retail store	34,172	-	34,172
Art services	16,539	-	16,539
Total expenses	<u>923,254</u>	<u>-</u>	<u>923,254</u>
<b><u>CHANGE IN NET ASSETS</u></b>			
	1,317,970	(300,687)	1,017,283
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>			
	<u>5,639,605</u>	<u>5,624,044</u>	<u>11,263,649</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>			
	<u>\$ 6,957,575</u>	<u>\$ 5,323,357</u>	<u>\$ 12,280,932</u>

(continued)

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2002		2002 Total
	Unrestricted	Temporarily Restricted	
<b><u>SUPPORT AND REVENUE</u></b>			
Support			
Contributions	\$ 4,530	\$ 1,995,635	\$ 2,000,165
Grants	-	26,336	26,336
Revenue			
Interest and other income	45,904	10,250	56,154
Total support and revenue	<u>50,434</u>	<u>2,032,221</u>	<u>2,082,655</u>
<b><u>NET ASSETS RELEASED FROM RESTRICTIONS</u></b>			
	<u>3,005,656</u>	<u>(3,005,656)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Development	341,891	-	341,891
Master artist workshop	44,992	-	44,992
Administration	480,797	-	480,797
Total expenses	<u>867,680</u>	<u>-</u>	<u>867,680</u>
<b><u>CHANGE IN NET ASSETS</u></b>			
	2,188,410	(973,435)	1,214,975
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>			
	<u>3,451,195</u>	<u>6,597,479</u>	<u>10,048,674</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>			
	<u>\$ 5,639,605</u>	<u>\$ 5,624,044</u>	<u>\$ 11,263,649</u>

The accompanying notes are an integral part of this financial statement.



**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 1,017,283	\$ 1,214,975
Net change in operating assets and liabilities:		
Pledges receivable	366,187	973,435
Due to Arts Council of New Orleans	(65,515)	(147,837)
Accrued liabilities	2,326,140	(73,063)
Refundable advances	(27,000)	-
Net cash provided by operating activities	<u>3,617,095</u>	<u>1,967,510</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Payments for construction in progress	(7,000,938)	(2,222,191)
Investment in restricted debt funds, net	2,393,254	(6,846,401)
Net cash used by investing activities	<u>(4,607,684)</u>	<u>(9,068,592)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from loans	700,000	7,400,000
Principal payments	(52,862)	-
Net cash provided by financing activities	<u>647,138</u>	<u>7,400,000</u>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<b>(343,451)</b>	<b>298,918</b>
<b><u>CASH AT BEGINNING OF YEAR</u></b>	<b><u>345,724</u></b>	<b><u>46,806</u></b>
<b><u>CASH AT END OF YEAR</u></b>	<b><u>\$ 2,273</u></b>	<b><u>\$ 345,724</u></b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW**  
**INFORMATION**

Cash paid during the year for:

Interest	<u>\$ 385,732</u>	<u>\$ -</u>
----------	-------------------	-------------

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

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Operations**

The Louisiana Artists Guild (the Guild), a nonprofit organization, was incorporated in June 1995 to provide management and administrative services and studio and retail space to visual artists and craftsmen. The Guild is not yet operational, but has begun construction and development of an arts complex located in New Orleans, Louisiana. Construction of the complex is expected in 2004.

**2. Summary of Significant Accounting Policies**

**Method of Accounting**

The financial statements are prepared on the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Description of Net Assets Classification**

Financial Accounting Standards Board (FASB) Statement No. 117 entitled "Financial Statements of Not-For-Profit Organizations" requires that net assets and changes in net assets be reported for three classifications - permanently restricted, temporarily restricted and unrestricted - based on the existence or absence of donor imposed restrictions. Unexpended funds solicited through the Capital Campaign are considered temporarily restricted. The Guild records receipts of contributions with donor-imposed conditions as refundable advances.

**Gifts, Grants, and Bequests**

Gifts, grants, and bequests are recorded as revenues in the period received and as assets, or as decreases in liabilities or expenses depending on the form of benefits received. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free market interest rates. There is no allowance for uncollectible pledges because management believes all amounts recorded are collectible. Non-cash gifts, grants, and bequests are recorded as revenue at the fair market value at the date contributed, if an objective valuation is determinable.

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (continued)**

**Donated Services**

Volunteers have given extensive amounts of time and services to the Guild. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for financial accounting recognition.

**Construction in Progress**

The Guild's construction in progress consists primarily of buildings and land acquired in 1998, capitalized architect's fees, capitalized interest, and construction costs related to the project. During the years ended December 31, 2003 and 2002, the Guild capitalized interest of approximately \$420,000 and \$140,000, respectively.

**Income Taxes**

The Guild is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

**Advertising**

The Guild records advertising as expenses when the costs are incurred. Costs of producing advertisements such as the costs of idea development, writing advertising copy, artwork, printing, audio and video crews, and other costs are expensed as incurred during production. Costs of communicating advertisements that have been produced, such as the costs of magazine space, television airtime, billboard space and distribution are expensed when the item or service is received or provided. Advertising expenses in 2003 and 2002 were \$13,331 and \$21,853, respectively.

**Concentration of credit risk**

The Guild had cash deposits in excess of federally insured limits at a local institution totaling \$294,000 at December 31, 2002. There were no deposits in excess of federally insured limits at December 31, 2003.

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Pledges Receivable**

Pledges receivable at December 31 are as follows:

	<u>2003</u>	<u>2002</u>
Receivable in less than one year	\$ 4,519,990	\$ 5,443,844
Receivable in one to five years	760,000	200,000
Total pledges receivable	<u>5,279,990</u>	<u>5,643,844</u>
Less discounts to net present value	( 22,133 )	(19,800)
Net pledges receivable at year end	<u>\$ 5,257,857</u>	<u>\$ 5,624,044</u>

Included in pledges receivable at December 31, 2003 and 2002 are approximately \$3,880,000 and \$5,000,000 of State of Louisiana funds. State funds have been recognized as revenue when they are classified by the State as priority one or two. State funds with a higher numbered priority are classified as conditional pledges and not realized as revenue. At December 31, 2003 there is an additional \$1,000,000 priority five conditional pledge from the State of Louisiana.

**4. Loans Payable**

The Guild has a \$1,000,000 and \$500,000 lines of credit with a local financial institution at December 31, 2003 and 2002, respectively. Interest is paid monthly at a rate of 4% and 4.75%, respectively. The line of credit is due June 23, 2004. Amounts available at December 31, 2002 were \$200,000 and none was available at December 31, 2003.

The Guild has obtained a HUD Section 108 Loan in the amount of \$7,100,000 from the City of New Orleans (City) to be used solely for the development and construction of the ArtWorks project. The maturity date of the loan is July 15, 2022. Interest is payable quarterly. The principal is payable in quarterly installments starting October 15, 2003. The specified interest rate is 6.62%, however the City has elected to defer collection of 1% interest for a nonspecified period. Quarterly principal payments range from approximately \$53,000 to \$150,000.

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Loans Payable (continued)**

In order to secure the repayment of the loan and other amounts to the City, the Guild has deposited funds into the Debt Service Reserve Account and the Construction Account. These funds are held in escrow accounts at a local financial institution. All amounts held in the Debt Service Reserve Account and the Construction Account serve as security for amounts due to the City by the Guild pursuant to the Loan Agreement. In addition, the land, building construction, accounts, inventory, intangibles, furniture, fixtures and equipment are collateral for the debt as well as future income and rentals.

The debt repayment (based on a 5.62% interest amortization schedule) is as follows:

Fiscal year ending December 31,	2004	\$	218,978
	2005		231,542
	2006		244,827
	2007		258,875
	2008		273,729
	2009 and thereafter		<u>5,819,187</u>
		\$	<u>7,047,138</u>

**5. Related Parties**

The Articles of Incorporation of the Guild specify that all Guild members and the Board of Directors are selected by and serve at the pleasure of the Board of Directors of the Arts Council of New Orleans (ACNO). The Articles also provide that in the event of dissolution, all of the Guild's property goes to ACNO.

The Guild shares office space with ACNO. Certain employees of ACNO also serve as employees of the Guild. Salary expense, supplies, utilities, insurance and certain administrative expenses are allocated to the Guild based on the percentage of time the employee dedicates to the Guild. Certain Guild expenses have been paid by ACNO and accounted for as Due to Arts Council of New Orleans. As of December 31, 2003 and 2002, the Guild owed ACNO approximately \$590,000 and \$655,000, respectively. No interest is charged on the Due to Arts Council of New Orleans balance.

In the normal course of its operations, the Guild conducts business with certain members of its Board of Directors.

**6. Commitments**

The Guild had construction related commitments at December 31, 2003 and 2002 of approximately \$6,000,000 and \$10,500,000, respectively.

**LOUISIANA ARTISTS GUILD**

Single Audit Reports

December 31, 2003



**Postlethwaite & Netterville**

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**LOUISIANA ARTISTS GUILD  
New Orleans, Louisiana**

**Single Audit Reports**

**December 31, 2003**

**Table of Contents**

	<b>Page</b>
<b>Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>1</b>
<b>Report on Compliance with Requirements Applicable to the Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards</b>	<b>3</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>5</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>6</b>





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**INDEPENDENT AUDITORS' 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  
Louisiana Artists Guild

We have audited the financial statements of the Louisiana Artists Guild (the Guild) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 30, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Guild'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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 audits, we considered the Guild's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but 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 defined as 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 and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Metairie, Louisiana  
April 30, 2004





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Louisiana Artists Guild

**Compliance**

We have audited the compliance of the Louisiana Artists Guild (the Guild) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Guild's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Guild's management. Our responsibility is to express an opinion on the Guild's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Guild's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Guild's compliance with those requirements.

In our opinion, the Guild complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

### Internal Control Over Compliance

The management of the Guild is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Guild's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily describe all matters in the internal control that might be material weakness. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Guild as of and for the year ended December 31, 2003, and have issued our report thereon dated April 30, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Metairie, Louisiana  
April 30, 2004



LOUISIANA ARTISTS GUILD  
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Federal Grantor/Pass through/Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Pass through</u> <u>Entity (identifying</u> <u>(number outstanding)</u>	<u>Amount of Loan</u> <u>and Guarantee at</u> <u>December 31, 2003</u> <u>(Federal expenditure)</u>
<u>United States Department of Housing and Urban Development</u>			
Pass through from City of New Orleans			
Community Development Block Grants		Loan # BA Series 2002-A	
Section 108 Loan Guarantees	14.248	Note B-01-MC-22-0006-A	\$ <u>7,047,138</u>
<b>Total Federal Awards</b>			<b>\$ <u>7,047,138</u></b>

FOOTNOTES

(1) Basis of Presentation

This schedule includes the activity of the federal awards of the Louisiana Artist Guild and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**LOUISIANA ARTISTS GUILD**  
**NEW ORLEANS, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2003**

(1) **Summary of Auditors' Results**

- (a) The type of report issued on the financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Reportable conditions in internal control over major programs: no; Material weaknesses: none reported
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no
- (g) Major program:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Community Development Block Grants	
Section 108 Loan Guarantees	14.248

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
  - (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no
- (2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: None
- (3) Findings and Questioned Costs relating to Federal Awards: None

ARTS COUNCIL OF NEW ORLEANS  
LOUISIANA ARTISTS GUILD  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**SECTION I—INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

No matters were reported.

**SECTION II—INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No matters were reported.

**SECTION III—MANAGEMENT LETTER**

**Finding**

**Resolution**

**Louisiana Artwork  
Records**  
Prepare and maintain  
a detailed schedule  
of construction in  
progress to identify  
specific costs and  
funding sources

**Resolved**