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NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of this 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 10-13-04

NORTHEAST LOUISIANA ASTRY COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northwest Louisiana Arts Council
West Monroe, Louisiana

We have audited the accompanying statements of financial position of Northwest Louisiana Arts Council (a nonprofit organization) as of June 30, 2004 and 2003, 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 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. These 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 accounts 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 Northwest Louisiana Arts Council as of June 30, 2004 and 2003, 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 our report dated September 20, 2004, on our consideration of Northwest Louisiana Arts Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Marcus, Robinson and Hassell
Monroe, Louisiana
September 20, 2004

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
June 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents (Notes 1 & 2)	140,346	147,349
Fixed and Equipment, net (Notes 1 & 3)	<u>3,218</u>	<u>8,570</u>
TOTAL ASSETS	<u>144,564</u>	<u>155,919</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	2,467	0
Accrued Payroll Taxes	2,677	3,337
DAPF Grants & Expenses Payable	<u>60,097</u>	<u>60,820</u>
TOTAL CURRENT LIABILITIES	65,241	64,157
Net Assets		
Unrestricted:		
Operating	84,300	78,195
Fixed Assets	<u>3,218</u>	<u>8,570</u>
TOTAL NET ASSETS	<u>87,518</u>	<u>86,765</u>
TOTAL LIABILITIES AND NET ASSETS	<u>144,759</u>	<u>151,922</u>

See Notes to Financial Statements

**NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND REVENUES		
Memberships	16,883	17,787
Interest Income	1,300	2,881
Contracted Service Revenues	7,008	1,500
Dedicated Revenues	9,971	0
Corporate Support	13,889	13,008
Foundation Support	5,580	11,897
Fundraisers	23,382	19,248
Other Income	7,807	7,847
Grant and Reprints-City of Monroe	25,000	25,000
DOA Support	27,058	26,738
Decentralized Grant - CDC Contract	25,000	25,000
Decentralized Grant-Administrative Allowance	15,147	13,578
Decentralized Grant - Parish Reprints	138,319	140,083
In-Kind Income - City of West Monroe	<u>20,000</u>	<u>20,000</u>
TOTAL SUPPORT - UNRESTRICTED	374,046	358,838

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
EXPENSES		
Administrative Salaries	82,230	81,250
Outside Professional Services - Artists	26,415	27,129
Other Professional Services	3,449	2,828
Rent, Utilities and Telephone	23,038	23,428
Staff and Artists Travel	4,870	4,733
Marketing Forms and Printing	8,536	10,152
Office Supplies	1,887	1,758
Telephone	2,249	1,908
Travel and Lodging	6,796	4,994
Meeting Expense	1,680	1,691
Outside Professional Services - Other	1,297	1,629
Marketing and Printing	2,160	2,216
Developing	780	1,857
Equipment Rental	962	968
Insurance	2,270	885
Miscellaneous Equipment and Software	3,458	348
Payroll Taxes and Benefits	12,292	14,413
General Postage	2,119	1,817
Other Supplies	770	1,655
Development and Fundraising	2,981	3,379
Decentralized Parish Expenses	116,310	140,183
Grants and Scholarships	48,880	7,958
Depreciation	3,202	3,814
TOTAL EXPENSE	<u>671,282</u>	<u>641,778</u>
CHANGE IN NET ASSETS	2,798	(3,133)
NET ASSETS, Beginning of Year	<u>88,762</u>	<u>91,902</u>
NET ASSETS, End of Year	<u>91,560</u>	<u>88,769</u>

See Notes to Financial Statements

**NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	2,758	(1,112)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,312	3,914
Increase (Decrease) in:		
Accounts Payable	2,467	(7,349)
Accounts Payable - Taxes	(659)	741
DAAP Grants & Expenses Payable	(1,378)	(134,728)
NET CASH PROVIDED BY (USED IN) ACTIVITIES	2,201	(38,146)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,201	(38,146)
BEGINNING CASH & CASH EQUIVALENTS	<u>147,245</u>	<u>185,391</u>
ENDING CASH & CASH EQUIVALENTS	<u>149,446</u>	<u>147,245</u>

See Notes to Financial Statements

**NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

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 value 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 value 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 these 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, 2004 AND 2003**

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 Practice

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, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Hibernia	388	388
Horizon	30,643	28,708
Horizon - CD	26,343	23,853
Bankcap South - CD	5,144	5,878
Bankcap South - CD	16,342	16,841
Horizon - Diversified	63,842	66,127
Cross Keys Checking	<u>6,652</u>	<u>3,358</u>
TOTAL	<u>149,354</u>	<u>147,252</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>2004</u>	<u>2003</u>
Furniture and Equipment	40,258	40,258
Less: Accumulated Depreciation	<u>31,686</u>	<u>31,888</u>
NET FURNITURE AND EQUIPMENT	<u>8,572</u>	<u>8,370</u>

Depreciation expense for the years ended June 30, 2004 and 2003 totaled \$3,152 and \$3,914, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 2004 and 2003.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDING JUNE 30, 2004 AND 2003

NOTE 1 - 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. 118 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.

NOTE 2 - RETIREMENT BENEFITS

The Council pays 6% of employee's gross salary into a 401k retirement plan. Total retirement benefits were \$4,941 and \$4,540 for 2004 and 2003, respectively.

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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, 2004 and 2003, and have issued our report dated September 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 of management of the Northeast Louisiana Arts Council, federal and state awarding agencies and the Legislative Auditor of Louisiana. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
September 30, 2004

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

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

- ii. There were no Federal Awards.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE