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CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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 1-26-05

## TABLE OF CONTENTS

	<u>PAGE</u>
Accountant's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 8
Independent Accountant's Report on Applying Agreed-Upon Procedures	9 - 11
Louisiana Attestation Questionnaire	12 - 13
Summary of Current Year Findings and Management's Corrective Action Plan for Current Year Findings	14
Summary of Prior Year Findings	15

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**JOHN S. DOWLING & COMPANY**  
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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 1904-1984

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 Joel Lanclos, Jr., CPA  
 2003

## ACCOUNTANT'S REPORT

To the Board of Directors  
 Creole Heritage, Inc.  
 Opelousas, Louisiana 70570

We have compiled the accompanying statement of financial position of Creole Heritage, Inc., as of June 30, 2004, and the related statement of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Revenue 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. We have not audited or reviewed the accompanying 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 November 30, 2004, on the results of our agreed-upon procedures.

*John S. Dowling & Company*

Opelousas, Louisiana  
 November 30, 2004

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash	\$1,859
Grant receivable	<u>18,015</u>
<u>Total current assets</u>	<u>19,874</u>

PROPERTY, PLANT AND EQUIPMENT

Buildings	1,099
Equipment	13,176
Furniture	5,070
Software	<u>1,999</u>
	21,344
Less: Accumulated depreciation	<u>(11,335)</u>
	<u>10,009</u>
<u>Total assets</u>	<u>29,883</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$19,059
<u>Total current liabilities</u>	<u>19,059</u>

NET ASSETS

Net assets - unrestricted	<u>10,824</u>
<u>Total liabilities and net assets</u>	<u>29,883</u>

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

**UNRESTRICTED NET ASSETS**

**UNRESTRICTED SUPPORT AND REVENUE**

Grants	\$72,000
In-kind	11,760
Advertising	628
Concession income	1,606
Contributions	<u>170</u>
<u>Total unrestricted support and revenue</u>	<u>86,164</u>

**EXPENSES**

Program	18,042
General supporting	<u>77,123</u>
<u>Total expenses</u>	<u>95,165</u>

Change in unrestricted net assets (9,001)

NET ASSETS, beginning of year 19,825

NET ASSETS, end of year 10,824

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grants and other sources	\$71,389
Cash paid for salaries and fringes	(38,362)
Cash paid to suppliers	(32,748)
<u>Net cash provided by operating activities</u>	<u>279</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of equipment	(3,153)
<u>Net cash used by investing activities</u>	<u>(3,153)</u>

Net increase (decrease) in cash (2,874)

CASH, beginning of year 4,733

CASH, end of year 1,859

RECONCILIATION OF INCREASE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Decrease in net assets	\$(9,001)
Adjustments to reconcile:	
Depreciation	3,919
(Increase) decrease in receivables	(3,015)
Increase (decrease) in accounts payable	12,059
Increase (decrease) in payroll taxes payable	(3,683)
<u>Net cash provided by operating activities</u>	<u>279</u>

SUPPLEMENTAL DATA FOR NONCASH ACTIVITIES

Donated use of building \$11,760

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total</u>
<u>FUNCTIONAL EXPENSES</u>			
Personnel			
Salaries		\$27,000	\$27,000
Payroll taxes		<u>2,065</u>	<u>2,065</u>
<u>Total personnel</u>	<u>-0-</u>	<u>29,065</u>	<u>29,065</u>
<u>GENERAL AND ADMINISTRATIVE</u>			
Advertising	\$520		520
Bank service charges		178	178
Contract labor	775	13,500	14,275
Demos	4,559		4,559
Depreciation		3,919	3,919
Field trip	1,450		1,450
Food	1,047		1,047
Helpers	925		925
Insurance		2,066	2,066
Landscaping		1,596	1,596
Licenses and permits		114	114
Marketing	25		25
Miscellaneous		165	165
Musician	3,005		3,005
Office expenses		1,734	1,734
Outdoor facilities	230		230
Photo processing	583		583
Postage and freight		75	75
Printing and reproduction	42		42
Professional expenses		3,700	3,700
Rent	245	11,760	12,005
Repairs and maintenance		2,902	2,902
Supplies	2,211	2,790	5,001
Telephone		1,561	1,561
Utilities		1,998	1,998
Workshops	<u>2,425</u>		<u>2,425</u>
<u>Total general and administrative</u>	<u>18,042</u>	<u>48,058</u>	<u>66,100</u>
<u>Total expenses</u>	<u>18,042</u>	<u>77,123</u>	<u>95,165</u>

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Creole Heritage, Inc. was incorporated in Louisiana in May of 1995 for the purpose of preserving and promoting the heritage culture of African Americans, including Creoles, ensuring that traditions are kept alive and passed on from one generation to the next; and to reach out to disadvantaged families whose children lack opportunities and exposure to art, including fine art and folk-art, so that the love for the culture is encouraged and their talent nourished. Grants provide the main source of revenue.

B. BASIS OF ACCOUNTING

The financial statements are presented using the accrual basis of accounting. That is, revenues and certain assets are recognized when earned rather than when received and expenses and certain liabilities are recognized when incurred rather than when paid out.

C. BASIS OF PRESENTATION

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 Organization 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.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

E. CAPITAL ASSETS

Acquisitions of capital assets are recorded at cost and are depreciated using the straight-line method. Proceeds from sales of such assets are unrestricted funds.

Donated assets are recorded at their fair market value at the date received if that value is over a certain threshold amount as determined by the Board.

Repairs and maintenance expenditures are charged to the Statement of Activities when incurred.



CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. DONATED SERVICES AND FACILITY

Donated services have not been reflected in the accompanying financial statements since they do not meet the criteria for recognition under SFAS No. 116. Nevertheless, a substantial number of volunteers have donated significant amounts of their time devoted to the Organization's purpose and its fund raising efforts.

Donated use of the facility is recorded at fair market value and recognized as revenue in the accounting period when received.

G. INCOME TAX STATUS

Creole Heritage, Inc. is a not-for-profit organization and is in the process of obtaining exemption from federal income taxes under IRC Section 501(c)(3).

H. STATEMENT OF CASH FLOWS

For purposes of reporting the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

NOTE 2 - CASH

At June 30, 2004, the bank balance of cash in the checking account was \$2,687. The balance in the checking account is fully secured by federal depository insurance.

NOTE 3 - DONATED USE OF FACILITY

The value of the facility used and the corresponding expenditure is included in the financial statements as follows:

<u>Support and Revenue</u>	
In-kind	<u>\$11,760</u>
 <u>Expenses</u>	
Rent	<u>\$11,760</u>

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

A summary of the changes in property, plant, and equipment of Creole Heritage, Inc. from July 1, 2003 to June 30, 2004 is as follows:

	<u>2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>2004</u>
Buildings	\$1,099			\$1,099
Equipment	13,176			13,176
Furniture	3,916	\$1,154		5,070
Software	—	<u>1,999</u>	—	<u>1,999</u>
	<u>18,191</u>	<u>3,153</u>	<u>-0-</u>	<u>21,344</u>

NOTE 5 - VACATION AND SICK LEAVE

Creole Heritage, Inc. does not have a policy on vacation and sick leave.

NOTE 6 - RETIREMENT PLAN

The employee of Creole Heritage, Inc. is on the Social Security Retirement System.

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 2003

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
 Creole Heritage, Inc.

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Creole Heritage, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Creole Heritage, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2004 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 Quasi-Public Entity's Federal award expenditures for all federal programs for the fiscal year follow:

<u>State Grant Name</u>	<u>Grant Year</u>	<u>CFDA No.</u>	<u>Amount</u>
Louisiana Department of Cultural Development	7/1/03 – 6/30/04		<u>\$72,000</u>
<u>Total expenditures</u>			<u>72,000</u>

2. For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
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.

To the Board of Directors  
 Creole Heritage, Inc.  
 Page 2

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.

Four of the payments were properly coded to the correct fund and general ledger account. Two payments, which should have been coded to fixed assets were improperly coded to maintenance and website expense.

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

Inspection of documentation supporting each of the six selected disbursements indicated approval from the accountant/board member.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed, eligibility, and report:

All items reviewed complied with the allowability, eligibility, and reporting requirements.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

We examined final reports noting that year-to-date amounts agreed with the entity's financial records.

#### Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Agendas were not used in 2003. The Creole Folklorist stated that their meetings are open to the public and anyone interested in attending a meeting could attend. She also stated that agendas will be posted in 2004.

#### Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Creole Heritage, Inc. provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

To the Board of Directors  
Creole Heritage, Inc.  
Page 3

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Items included in prior-year suggestions remain as of June 30, 2004.

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 Creole Heritage, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies 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.

*John S. Dowling & Company*

Opelousas, Louisiana  
November 30, 2004

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

\_\_\_\_\_ (Date Transmitted)

John S. Dowling & Company  
P.O. Box 1549  
Opelousas, LA 70571-1549  
 \_\_\_\_\_ (Auditors)

In connection with your review of our financial statements as of June 30, 2004 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).

**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 OMB 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.

Nia J. Henry Secretary 12-4-04 Date

Nia J. Henry Treasurer 12-4-04 Date

Rebecca D. Henry President 12/4/04 Date

CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
SUMMARY OF CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE  
ACTION PLAN FOR CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

2004-1 Inadequate Segregation of Accounting Functions

Finding: Due to limited number of personnel, the department did not have adequate segregation of duties within its accounting system.

Response: Based on the size of the department's operations and the cost/benefit of employing additional personnel it would not be feasible to obtain complete segregation of duties. Therefore, no response is deemed necessary.



CREOLE HERITAGE, INC.  
OPELOUSAS, LOUISIANA  
SUMMARY OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

2003-1 Inadequate Segregation of Accounting Functions

Repeat comment.