

SHREVEPORT REGIONAL ARTS COUNCIL**SHREVEPORT, LOUISIANA****JUNE 30, 2004 AND 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 2/2/05

SHREVEPORT REGIONAL ARTS COUNCIL

SHREVEPORT, LOUISIANA

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AUDITED 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
MARK D. ELDRIDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
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

September 28, 2004

The Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

Independent Auditors' Report

We have audited the statements of financial position of Shreveport Regional Arts Council at 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 Shreveport Regional Arts Council'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 *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 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 Shreveport Regional Arts Council at 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.

Our audits were made for the purpose of forming an opinion on the financial statements of Shreveport Regional Arts Council taken as a whole. The accompanying Schedules of Changes in Net Assets by Program on Pages 10-11 for the years ended June 30, 2004 and 2003, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2004, on our consideration of the 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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Heard, McElroy & Vestal, LLP

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENTS OF FINANCIAL POSITION

AT JUNE 30, 2004 AND 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
<u>Current assets:</u>		
Cash and cash equivalents-Notes 5 and 9	421,276	551,673
Investments-Notes 5 and 9	<u>1,056,149</u>	<u>998,341</u>
Total cash and investments	1,477,425	1,550,014
Grants receivable	394,934	378,620
Pledges receivable-Note 6	31,284	-
Other receivables	17,728	73,749
Prepaid expenses	<u>33,711</u>	<u>1,027</u>
Total current assets	1,955,082	2,003,410
<u>Equipment and leasehold improvements</u> (less accumulated depreciation and amortization totaling \$146,259 and \$122,537, respectively)	134,291	67,736
<u>Other assets:</u>		
Pledges receivable (net of current portion)-Note 6	102,994	-
Deposits	<u>1,200</u>	<u>1,200</u>
Total other assets	<u>104,194</u>	<u>1,200</u>
Total assets	<u>2,193,567</u>	<u>2,072,346</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable	21,636	13,561
Grants payable	80,535	58,015
Accrued payroll	11,633	10,934
Accrued expenses-Note 7	<u>49,905</u>	<u>39,570</u>
Total current liabilities	163,709	122,080
<u>Net assets:</u>		
Unrestricted:		
Designated-Note 9	1,056,149	998,341
Undesignated	<u>403,045</u>	<u>575,750</u>
Total unrestricted	1,459,194	1,574,091
Temporarily restricted	<u>570,664</u>	<u>376,175</u>
Total net assets	<u>2,029,858</u>	<u>1,950,266</u>
Total liabilities and net assets	<u>2,193,567</u>	<u>2,072,346</u>

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

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>			
Admission sales and concessions, net of expenses of \$30,347 and \$29,777, respectively	1,459	120	1,579
Tuition and fees	81,267	37,125	118,392
Individual contributions:			
Memberships	-	-	-
Other	19,322	221,841	241,163
Business and industry contributions	66,476	49,214	115,690
Foundation grants	11,500	92,734	104,234
Government grants:			
City of Shreveport	238,000	444,850	682,850
City of Bossier	-	-	-
Louisiana Division of the Arts	114,772	532,890	647,662
Net sales-Christmas in the Sky-Note 11	-	-	-
Investment income	32,375	88	32,463
Net unrealized gains (losses) on investments	27,087	-	27,087
Miscellaneous income	<u>243</u>	<u>-</u>	<u>243</u>
Total support and revenue	592,501	1,378,862	1,971,363
<u>Net assets released from restrictions</u>	1,184,373	(1,184,373)	-
<u>Expenses:</u>			
Program services:			
Artbreak	118,243	-	118,243
Arts in Education	60,555	-	60,555
Artsmart	257,197	-	257,197
Artspace	156,109	-	156,109
Decentralized Arts Funding	294,272	-	294,272
Public Art	178,531	-	178,531
Other programs	298,264	-	298,264
Supporting services:			
General and administrative	<u>528,600</u>	<u>-</u>	<u>528,600</u>
Total expenses	<u>1,891,771</u>	<u>-</u>	<u>1,891,771</u>
<u>Change in net assets</u>	(114,897)	194,489	79,592
<u>Net assets-beginning of year</u>	<u>1,574,091</u>	<u>376,175</u>	<u>1,950,266</u>
<u>Net assets-end of year</u>	<u>1,459,194</u>	<u>570,664</u>	<u>2,029,858</u>

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

2003		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
2,339	-	2,339
121,418	-	121,418
20,809	-	20,809
11,135	6,325	17,460
61,675	47,325	109,000
11,000	31,000	42,000
225,000	313,700	538,700
-	225	225
119,160	734,229	853,389
208,243	-	208,243
28,395	-	28,395
(24,130)	-	(24,130)
<u>11,995</u>	<u>-</u>	<u>11,995</u>
797,039	1,132,804	1,929,843
864,204	(864,204)	-
139,660	-	139,660
82,192	-	82,192
167,549	-	167,549
75,190	-	75,190
296,151	-	296,151
133,993	-	133,993
191,321	-	191,321
<u>419,040</u>	<u>-</u>	<u>419,040</u>
<u>1,505,096</u>	<u>-</u>	<u>1,505,096</u>
156,147	268,600	424,747
<u>1,417,944</u>	<u>107,575</u>	<u>1,525,519</u>
<u>1,574,091</u>	<u>376,175</u>	<u>1,950,266</u>

SHREVEPORT REGIONAL ARTS COUNCIL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	79,592	424,747
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization expense	23,722	16,782
Realized and unrealized (gain) loss on investments	(27,087)	24,130
(Increase) in grants receivable	(16,341)	(222,240)
(Increase) in pledges receivable	(134,278)	-
Decrease (increase) in other receivables	56,021	(59,668)
(Increase) decrease in prepaid expenses	(32,684)	17,358
Increase in grants payable	22,520	31,257
Increase in accrued expenses	11,034	25,582
Increase in accounts payable	<u>8,075</u>	<u>7,789</u>
Total adjustments	<u>(89,018)</u>	<u>(159,010)</u>
Net cash (used) provided by operating activities	(9,426)	265,737
<u>Cash flows from investing activities:</u>		
Fixed asset purchases	(90,277)	(22,534)
Proceeds from sale of investments	27	3,942
Purchase of investments	<u>(30,721)</u>	<u>(27,176)</u>
Net cash (used) by investing activities	<u>(120,971)</u>	<u>(45,768)</u>
<u>Net (decrease) increase in cash and cash equivalents</u>	(130,397)	219,969
<u>Cash and cash equivalents at beginning of year</u>	<u>551,673</u>	<u>331,704</u>
<u>Cash and cash equivalents at end of year</u>	<u>421,276</u>	<u>551,673</u>

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

SHREVEPORT REGIONAL ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2004 AND 2003

1. Nature of Business

The Shreveport Regional Arts Council (the Council) is a private, nonprofit corporation governed by a board of directors and administered by a professional staff. The Council's goal is to serve as an umbrella organization to enrich the quality of life within the region through the promotion of the Arts. The Council's services, therefore, include providing cultural programming, scheduling and coordinating cultural activities, and other professional services directed toward its stated goal.

2. Summary of Significant Accounting Policies

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

The statement of activities presents expenses of the Council's operations functionally between various programs of the Council and general and administrative.

The Council 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 Council 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.

Investments - Investments are stated at fair market value, based on quoted market prices.

2. Summary of Significant Accounting Policies (Continued)

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization 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.

The Organization uses the fair value method by calculating the present value of estimated future cash flows. Present value of estimated future cash flows is calculated using a 3% discount rate.

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.

Federal Income Taxes - A provision has not been made for federal income taxes since the Council 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 is calculated using the straight-line method. Equipment is depreciated over an estimated useful life of seven years. Leasehold improvements are amortized over an estimated useful life of twenty years.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Council 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.

Advertising - The Council expenses advertising costs as incurred. The Shreveport Regional Arts Council recorded advertising expense of \$6,576 and \$7,500 during the years ended June 30, 2004 and 2003, respectively.

3. Agreements for Services

Under a formal agreement for services between the City of Shreveport (the City) and the Shreveport Regional Arts Council, the City agrees to provide technical assistance in the planning and implementation of programs, use of certain facilities, office space and personnel and funding for programming. The fair value of the technical assistance received and the use of the facilities, office space and personnel is not reasonably determinable and is not recorded as revenue. The Council also agrees to provide certain programming services under the agreement.

4. Commitments and Contingencies

The Council 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.

5. Cash and Investments

At June 30, 2004 and 2003, cash and investments consisted of the following:

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents	421,276	421,276	551,673	551,673
Investments: Money Market	222,574	222,574	101,951	101,951
Certificates of Deposit	50,003	50,135	100,006	100,390
Fixed income mutual funds	661,156	504,579	697,439	552,259
Equity mutual funds	<u>383,632</u>	<u>278,861</u>	<u>388,805</u>	<u>243,741</u>
	<u>1,738,641</u>	<u>1,477,425</u>	<u>1,839,874</u>	<u>1,550,014</u>

The Council had demand deposits in banks in excess of federally insured limits of \$189,265 and \$334,162 at June 30, 2004 and 2003, respectively. The investment in mutual funds, \$1,056,149 and \$998,341 at June 30, 2004 and 2003, respectively, was also uninsured, making a total of \$1,245,414 and \$1,332,503 in off-balance sheet risk at June 30, 2004 and 2003, respectively. Realized gains were \$-0- and \$-0-, respectively, and unrealized gains (losses) were \$27,087 and (\$24,130), respectively, for the years ending June 30, 2004 and 2003.

6. Pledges Receivable

Unconditional promises to give consist of the following:

Artspace individual pledges	119,500
Artspace foundation pledges	<u>25,000</u>
Gross unconditional promises to give	144,500
<u>Less-unamortized discount</u>	<u>(10,222)</u>
Net unconditional promises to give	<u>134,278</u>
Amounts due in:	
Less than one year	31,284
One to five years	<u>102,994</u>
	<u>134,278</u>

7. Accrued Absences

The Council's policy is to pay employees upon termination for vacation time accrued up to 80 hours maximum per employee with 0-5 years experience; up to 96 hours for employees with 5-10 years experience; up to 120 hours for employees with 10-15 years experience; up to 144 hours for employees with 15-20 years experience; and up to 168 hours for employees with over twenty years experience. An accrued liability for vacation time of \$36,524 and \$33,763 is included in accrued expenses at June 30, 2004 and 2003, respectively.

8. Operating Lease

The Council leases a copier under a 60-month lease with monthly payments of \$558. Following is a summary of future minimum lease payments as of June 30, 2004:

Year Ending June 30,

2005

6,696

9. Designated Net Assets

The Board of Directors designated cash and investments at June 30, 2004 and 2003 totaling \$1,056,149 and \$998,341, respectively, to insure that the Council's resources will remain stable regardless of potential changes in public or private funding.

10. Employees' Retirement Plan

Shreveport Regional Arts Council established a Simple Retirement Account plan as of June 1, 1997, for its full and part-time employees. An employee is eligible to participate in any calendar year if he or she received at least \$5,000 of compensation during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. The Council matches the employee's contribution up to 3% of his annual compensation, or \$7,000, whichever is less. The contribution charged to expense for the years ended June 30, 2004 and 2003 was \$4,551 and \$8,290, respectively.

11. Christmas in the Sky

The Council holds its major fund-raising event every other year. The event includes entertainment and an auction of donated items. The year ended June 30, 2003 included a Christmas in the Sky event. Following is a detail of revenues and expenses for the year ended June 30, 2003, Christmas in the Sky event:

Revenues:

Admissions	191,885
Auction sales	336,241
Contributions	188,005
Miscellaneous income	862
Interest income	252
In-kind donations	<u>25,500</u>
Total revenues	742,745

Expenses:

Bank and credit card charges	13,095
Equipment and facility rentals	8,710
Event expenses	118,620
Miscellaneous expense	4,674
Postage	8,658
Professional services	46,949
Promotion and printing	35,258
Repairs and maintenance	2,361
Salaries	137,118
Security	3,381

11. Christmas in the Sky (Continued)

Expenses: (Con't)

Supplies and materials	89,143
Technical services	35,995
Telephone	607
Travel and entertainment	29,705
Utilities	<u>228</u>
Total expenses	<u>534,502</u>
Net revenue-Christmas in the Sky	<u>208,243</u>

OTHER FINANCIAL INFORMATION

SHREVEPORT REGIONAL ARTS COUNCIL

SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2004

	<u>General and Administrative</u>	<u>Artbreak</u>	<u>Arts in Education</u>	<u>Regrants, Panels and Other Programs</u>
<u>Support and revenue:</u>				
Admission sales and concessions	(652)	2,111	-	120
Tuition and fees	-	10,755	70,512	-
Individual contributions:				
Memberships	11,947	7,375	-	60
Business and industry contributions	2,275	64,201	-	-
Foundation grants	-	11,500	-	-
Government grants:				
City of Shreveport	230,000	8,000	-	310,000
Louisiana Division of the Arts	106,213	8,559	-	-
Investment income	32,375	-	-	-
Net unrealized gains on investments	27,087	-	-	-
Miscellaneous income	243	-	-	-
Total support and revenue	<u>409,488</u>	<u>112,501</u>	<u>70,512</u>	<u>310,180</u>
<u>Expenses:</u>				
Bank charges	4,793	-	-	-
Depreciation expense	23,722	-	-	-
Professional services	39,608	28,841	41,880	5,448
Salaries	256,369	51,476	12,585	-
Employee benefits	54,813	-	-	-
Payroll taxes	38,805	-	-	-
Taxes-other	1,058	-	-	-
Repair and maintenance	7,809	472	-	-
Equipment and facility rentals	17,616	3,095	-	-
Security	-	7,040	-	-
Travel:				
Staff and board	10,194	-	-	-
Program	-	5,284	4,496	-
Promotion and printing	10,216	7,794	33	-
Postage	5,385	755	256	252
Telephone	8,849	246	-	96
Seminar fees	1,812	-	-	-
Supplies and materials	19,399	1,951	1,180	1,588
Insurance expense	17,158	-	-	-
Grants to other agencies	-	-	-	280,880
Admission sales and concessions	400	-	-	-
Miscellaneous expense	4,999	301	-	-
Office	-	-	-	-
Awards	-	10,964	-	10,000
Dues and subscriptions	4,504	24	125	-
Utilities	1,091	-	-	-
Total expenses	<u>528,600</u>	<u>118,243</u>	<u>60,555</u>	<u>298,264</u>
<u>Change in net assets</u>	<u>(119,112)</u>	<u>(5,742)</u>	<u>9,957</u>	<u>11,916</u>

<u>Decentralized Arts Funding</u>	<u>Artsmart</u>	<u>Artspace</u>	<u>Public Art</u>	<u>Total</u>
-	-	-	-	1,579
-	37,125	-	-	118,392
-	-	221,781	-	241,163
-	5,470	36,244	7,500	115,690
-	20,000	72,734	-	104,234
-	-	107,500	27,350	682,850
302,890	230,000	-	-	647,662
-	-	28	60	32,463
-	-	-	-	27,087
-	-	-	-	243
<u>302,890</u>	<u>292,595</u>	<u>438,287</u>	<u>34,910</u>	<u>1,971,363</u>
-	-	249	48	5,090
-	-	-	-	23,722
670	156,696	37,456	138,000	448,599
35,394	68,178	76,542	24,406	524,950
-	-	-	-	54,813
-	-	-	-	38,805
-	115	75	-	1,248
-	-	216	-	8,497
-	-	523	4,017	25,251
-	80	682	-	7,802
-	-	-	-	10,194
2,713	6,610	14,164	1,524	34,791
631	62	8,283	2,169	29,188
1,106	288	1,300	300	9,642
-	-	147	-	9,338
(25)	-	10	-	1,797
240	24,829	11,249	7,012	67,448
-	-	-	893	18,051
253,528	-	-	-	534,408
-	-	1,609	-	2,009
-	11	1,270	162	6,743
-	-	1	-	1
-	-	-	-	20,964
15	328	2,333	-	7,329
-	-	-	-	1,091
<u>294,272</u>	<u>257,197</u>	<u>156,109</u>	<u>178,531</u>	<u>1,891,771</u>
<u>8,618</u>	<u>35,398</u>	<u>282,178</u>	<u>(143,621)</u>	<u>79,592</u>

SHREVEPORT REGIONAL ARTS COUNCIL

SCHEDULE OF CHANGES IN NET ASSETS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2003

	<u>General and Administrative</u>	<u>Artbreak</u>	<u>Arts in Education</u>	<u>Regrants, Panels and Other Programs</u>
<u>Support and revenue:</u>				
Admission sales and concessions	-	2,339	-	-
Tuition and fees	-	13,912	107,387	-
<u>Individual contributions:</u>				
Memberships	20,809	-	-	-
Other	-	10,785	350	-
Business and industry contributions	5,175	56,500	-	-
Foundation grants	-	11,000	-	-
<u>Government grants:</u>				
City of Shreveport	217,000	8,000	-	212,000
City of Bossier	-	-	-	225
Louisiana Division of the Arts	109,160	10,000	-	-
Net sales-Christmas in the Sky	208,243	-	-	-
Investment income	27,256	-	-	-
Net unrealized losses on investments	(24,130)	-	-	-
Miscellaneous income	<u>11,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>575,508</u>	<u>112,536</u>	<u>107,737</u>	<u>212,225</u>
<u>Expenses:</u>				
Bank charges	4,917	-	-	131
Depreciation expense	16,782	-	-	-
Professional services	20,110	36,328	56,551	14,339
Salaries	179,688	49,003	15,876	-
Employee benefits	51,015	-	-	-
Payroll taxes	34,488	-	-	-
Taxes-other	988	-	-	-
Repair and maintenance	8,170	418	456	-
Equipment and facility rentals	13,530	3,103	-	-
Security	30	6,030	-	-
<u>Travel:</u>				
Staff and board	10,237	-	-	-
Program	-	4,343	6,769	2,220
Promotion and printing	20,676	6,663	22	578
Postage	6,881	1,490	400	750
Telephone	12,651	48	-	-
Seminar fees	225	-	-	-
Supplies and materials	16,632	18,331	1,763	2,565
Insurance expense	13,081	1,040	-	-
Grants to other agencies	-	-	-	170,738
Admission sales and concessions	-	-	-	-
Miscellaneous expense	2,053	274	-	-
Awards	-	10,069	-	-
Dues and subscriptions	5,089	2,520	355	-
Utilities	<u>1,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>419,040</u>	<u>139,660</u>	<u>82,192</u>	<u>191,321</u>
<u>Change in net assets</u>	<u>156,468</u>	<u>(27,124)</u>	<u>25,545</u>	<u>20,904</u>

<u>Artspace</u>	<u>Decentralized Arts Funding</u>	<u>Artsmart</u>	<u>Public Art</u>	<u>Total</u>
-	-	-	-	2,339
119	-	-	-	121,418
-	-	-	-	20,809
6,100	-	225	-	17,460
44,875	-	-	2,450	109,000
6,000	-	25,000	-	42,000
18,500	-	-	83,200	538,700
-	-	-	-	225
10,000	307,679	216,550	200,000	853,389
-	-	-	-	208,243
70	873	-	196	28,395
-	-	-	-	(24,130)
-	-	-	-	11,995
<u>85,664</u>	<u>308,552</u>	<u>241,775</u>	<u>285,846</u>	<u>1,929,843</u>
235	1,038	-	45	6,366
-	-	-	-	16,782
42,576	100	112,428	81,615	364,047
16,217	37,249	21,061	40,401	359,495
-	-	-	-	51,015
-	-	-	-	34,488
120	-	-	-	1,108
1,697	-	-	-	10,741
1,365	-	217	-	18,215
1,440	-	-	-	7,500
-	-	-	-	10,237
5,417	1,255	9,159	3,865	33,028
3,164	-	-	3,864	34,967
140	793	340	-	10,794
-	-	-	-	12,699
300	-	-	-	525
558	239	23,317	3,184	66,589
462	-	877	-	15,460
-	255,477	-	-	426,215
385	-	-	-	385
144	-	35	57	2,563
-	-	-	-	10,069
270	-	115	-	8,349
700	-	-	962	3,459
<u>75,190</u>	<u>296,151</u>	<u>167,549</u>	<u>133,993</u>	<u>1,505,096</u>
<u>10,474</u>	<u>12,401</u>	<u>74,226</u>	<u>151,853</u>	<u>424,747</u>

OTHER REPORTS

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& 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
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ROBERT L. DEAN, CPA
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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

September 28, 2004

The Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the financial statements of Shreveport Regional Arts Council as of and for the year ended June 30, 2004, and have issued our report thereon dated September 28, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Shreveport Regional Arts Council 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 internal control over financial reporting of Shreveport Regional Arts Council 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 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, the board of directors, the State of Louisiana, and the National Endowment for the Arts, and is not intended to be and should not be used by anyone other than these specified parties.

Heard McElroy & Vestal, LLP

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WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

SHREVEPORT REGIONAL ARTS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

We have audited the financial statements of Shreveport Regional Arts Council as of and for the year ended June 30, 2004, and have issued our report thereon dated September 28, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2004 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 - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - Not applicable.

Section II - Financial Statement Findings

No matters were reported.

SHREVEPORT REGIONAL ARTS COUNCIL

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

No prior year findings were reported.