

MULTICULTURAL CENTER OF THE SOUTH, INC.

SHREVEPORT, LOUISIANA

DECEMBER 31, 2011

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 NOV 14 2012

MULTICULTURAL CENTER OF THE SOUTH, INC.

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

REVIEWED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3-4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

OTHER REPORTS

Report on Applying Agreed-Upon Procedures	9-11
Schedule of Findings and Questioned Costs	12
Schedule of Prior Year Findings	13

REVIEWED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 25, 2012

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

Independent Accountant's Review Report

We have reviewed the accompanying statement of financial position of the Multicultural Center of the South, Inc. as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Heard, McElroy & Vestal, LLC

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

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

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2011

ASSETS

Current assets:

Cash and cash equivalents	83,291
Certificates of deposit	75,000
Accounts receivable	1,714
Inventory	<u>6,703</u>
Total current assets	166,708

Fixed assets:

Building	63,160
Office furniture and equipment	94,874
Collection items	91,703
Library books	2,822
Signs	2,507
Less-accumulated depreciation	<u>(86,026)</u>
Total fixed assets	169,040

Other assets:

Deposits	<u>5,250</u>
Total other assets	<u>5,250</u>

Total assets	<u>340,998</u>
--------------	----------------

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	3,154
Refundable advancement on grants	<u>15,000</u>
Total current liabilities	18,154

Net assets:

Unrestricted	<u>322,844</u>
--------------	----------------

Total liabilities and net assets	<u>340,998</u>
----------------------------------	----------------

See Accountant's Review Report

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

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

Support and revenue:

City of Shreveport	200,000
Grants	35,000
Fundraisers	8,757
Programs	13,302
Membership dues	1,402
Rent	75
Interest income	796
Admissions	1,781
Training	360
Miscellaneous	<u>3,585</u>
Total support and revenue	265,058

Expenses:

Administrative:

Salaries	87,148
Payroll taxes	7,393
Insurance	<u>29,549</u>
Total administrative expenses	124,090

Operating:

Advertising	2,255
Bank charges	44
Contract labor	4,792
Contributions	300
Depreciation	1,619
Dues and subscriptions	982
Equipment rental	4,860
Flowers and gifts	137
Grant expense	8,142
Licenses and fees	803
Miscellaneous	1,921
Interest expense	164
Janitorial	283
Office supplies	4,285
Parking	900
Postage and delivery	305
Program	6,187

See Accountant's Review Report

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

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

Operating: (Continued)

Rent	75,105
Repairs and maintenance	2,332
Security	299
Telephone	7,370
Training	70
Travel	257
Utilities	<u>10,770</u>
Total operating expenses	134,182

Professional expenses:

Accounting	10,350
Professional fees	<u>300</u>
Total professional expenses	10,650

Other expenses:

Fundraising	<u>1,054</u>
Total other expenses	<u>1,054</u>

Total expenses 269,976

Change in net assets (4,918)

Net assets-beginning of year 327,762

Net assets-end of year 322,844

See Accountant's Review Report

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

MULTICULTURAL CENTER OF THE SOUTH, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Cash flows from operating activities:</u>	
Change in net assets	(4,918)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	1,619
(Increase) in accounts receivable	(839)
Decrease in deposits	5,250
(Decrease) in unearned revenue	(3,585)
(Decrease) in garnishments payable	(192)
(Decrease) in accounts payable	(277)
(Decrease) in payroll tax liability	(691)
Total adjustments	<u>1,285</u>
Net cash (used) by operating activities	<u>(3,633)</u>
<u>Net (decrease) in cash and cash equivalents</u>	<u>(3,633)</u>
<u>Cash and cash equivalents at beginning of year</u>	<u>86,924</u>
<u>Cash and cash equivalents at end of year</u>	<u>83,291</u>

See Accountant's Review Report

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

MULTICULTURAL CENTER OF THE SOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2011

1. Nature of Business

The Multicultural Center of the South, Inc. (the Center) is a nonprofit corporation governed by a board of directors and administered by a professional staff. The Center's goal is to provide a resource by which the area youth can become better and more successful citizens of the twenty-first century through enhanced knowledge of the peoples of the world with whom they live and work. The Center further exists to promote the understanding and awareness of the many cultures, which have been a part of the heritage of the City of Shreveport, the State of Louisiana and surrounding states and the South in general.

2. Summary of Significant Accounting Policies

Basis of Presentation - The financial statements of the Center are prepared on the accrual basis. The Center is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Center, and/or by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See Accountant's Review Report

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

Federal Income Taxes - As a nonprofit, privately supported organization, the Multicultural Center is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Multicultural Center is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. The Multicultural Center does not expect its tax position to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Multicultural Center's accounting records.

Fixed Assets - Fixed assets are stated at cost less accumulated depreciation or amortization. Depreciation and amortization are calculated using the straight-line method. Office furniture is depreciated over an estimated useful life of seven years. Equipment is depreciated over an estimated useful life of five years. Collection items are stated at cost and are not depreciated. See Note 6 for a further discussion of the Center's collection items.

Cash and Certificates of Deposit - For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Donated Services - During the year the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the organization. Other donated materials and equipment are recorded as contributions in the financial statements at their estimated values at the date of receipt.

Advertising Costs - The Center expenses advertising costs as incurred. Total advertising recorded for the year ended December 31, 2011 amounted to \$2,255.

3. **Commitments and Contingencies**

The Center is a recipient of certain government grants which require the fulfillment of conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant. These conditions include the right to audit the grant usage by the grantor or its designee.

4. **Cash and Certificates of Deposit**

At December 31, 2011, cash and certificates of deposit consisted of the following:

	<u>Cost</u>	<u>Market Value</u>
Cash and cash equivalents	83,291	83,291
Certificates of deposit-maturity greater than 3 months	<u>75,000</u>	<u>75,000</u>
	<u>158,291</u>	<u>158,291</u>

The Multicultural Center of the South, at times, maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the soundness of these financial institutions and feels the Center's risk is negligible.

See Accountant's Review Report

5. Major Source of Funding

For the fiscal year 2010, the Center executed a Cooperative Endeavor Agreement with the City of Shreveport. The agreement stipulates that, in consideration of \$200,000 from the City of Shreveport, the Center shall utilize the funds to maintain and operate a multi-cultural center in downtown Shreveport. The Agreement, and the monies received from the City, mirrors that of the prior year; however, the Agreement is reviewed for approval on an annual basis. The Center's ability to operate is dependent upon the annual renewal and approval of this agreement with the City of Shreveport.

6. Collection Items

To further promote the understanding of the cultures of the area, the Center has acquired a diverse collection of art and artifacts for public display. During 2003, the City of Shreveport reimbursed the Center for artifacts purchased; however, upon the decision of the City to expend the monies to renovate the Center's new permanent location, the Center was notified that, beginning in 2004, the City would no longer provide reimbursements for such acquisitions. As of December 31, 2003, the Center had purchased, and been subsequently reimbursed by the City, for acquisitions totaling \$118,811. Per the contractual agreement of both parties, the City of Shreveport maintains full rights of ownership in these items and has granted the Center the exclusive right to use and display the items. The Center has no rights in these items and, accordingly, may not sell, transfer, modify, or exchange the items without the expressed, written consent of the City of Shreveport. Thus, these items are not reflected in the Center's financial statements.

As of December 31, 2011, the Center had acquired \$91,703 of collection items, for which the City provided no reimbursement. The Center has full rights in these items, including the right to sell, modify, or exchange. In the event an item is sold, the Center is under no obligation to use the proceeds for the acquisition of other collection items. Accordingly, the Center considers these collection items to be assets and have capitalized as such.

7. Rent

On November 11, 2009, the Center signed a rental agreement with Spring Street Rentals, LLC to lease a property located at 520 Spring Street, Shreveport, Louisiana. The agreement stipulates that the Center pay \$5,250 a month for the first twelve months and \$6,202.50 a month for the next twenty-four months. The Center incurred \$75,105 in rental expense for the twelve months ended December 31, 2011. The future minimum rental payments for the next five years are as follows:

2012	74,430
2013	-
2014	-
2015	-
2016	-
	<u>74,430</u>

8. Subsequent Events

The Multicultural Center of the South is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The Multicultural Center performed such an evaluation through June 25, 2012, the date which the financial statements were available to be issued, and noted no material subsequent events.

See Accountant's Review Report

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 25, 2012

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

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Multicultural Center of the South, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Multicultural Center of the South, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2011 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.

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

Award	Grant Year	Amount
Caddo Commission Grant	2010	20,000
City of Shreveport-Cooperative Endeavor Agreement	2010	200,000
Beaird Family Grant	2011	<u>15,000</u>
Total expenditures		<u>235,000</u>

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

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

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

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

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

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

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

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

All items were properly approved.

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

Activities allowed or unallowed:

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

Eligibility

We reviewed the previously listed disbursements for eligibility requirements.

No exceptions were noted for either of the above tests.

Meetings

7. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as required by LSA-RS 42:1 through 42:12.

The Center posts the appropriate advertisement giving notice of meetings where public funds will be discussed.

Comprehensive Budget

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

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

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

Prior Comments and Recommendations

9. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.
 - a. The Center has adopted a budget; however, is not required to submit such budget to the City of Shreveport Chief Administrator Office per the Cooperative Endeavor Agreement.

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

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

Heard, M^s Elroy & Vestal, LLC

MULTICULTURAL CENTER OF THE SOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

I. Summary of Review Results

1. The accountant's review report noted no material modifications to the financial statements of Multicultural Center of the South, Inc.
2. No instances of noncompliance were disclosed during the review.
3. Multicultural Center of the South, Inc. is not subject to a Federal Single audit for 2011.

II. Findings – Financial Statement Review

None.

MULTICULTURAL CENTER OF THE SOUTH, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2010

Prior Findings – Financial Statement Review

2010-01 Noncompliance

Condition: The engagement was not completed and transmitted to the Louisiana Legislative Auditor's office by June 30, 2011.

Criteria: Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide require all engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the entity's fiscal year.

Effect: Client personnel and CPA time was necessary to review and adjust the 2010 financial statements.

Recommendation: We recommend the engagement be requested earlier in the year to ensure timely completion.

Management Response: We agree with the recommendation.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

10/23/12 (Date Transmitted)

Heard, McElroy & Vestal, LLC

333 Texas Street, Suite 1525

Shreveport, LA 71101

(Auditors)

In connection with your review of our financial statements as of ~~12-31-11~~ and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 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 regulations 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 **October 19, 2012**

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2298, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements.

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

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 foregoing 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 acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

_____	Secretary _____	Date _____
_____	Treasurer _____	Date _____
<i>Loretta J. Leavitt</i>	President	October 19, 2012 Date