

**EMY-LOU BIEDENHARN FOUNDATION  
MONROE, LOUISIANA**

**FINANCIAL REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

EMY-LOU BIEDENHARN FOUNDATION

FINANCIAL REPORT  
DECEMBER 31, 2011 AND 2010

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## *Independent Auditors' Report*

June 25, 2012

To the Executive Board  
Emy-Lou Biedenharn Foundation  
Monroe, Louisiana

We have audited the accompanying statements of financial position of the Emy-Lou Biedenharn Foundation (a private foundation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. 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 the Emy-Lou Biedenharn Foundation as of December 31, 2011 and 2010, 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 June 25, 2012, on our consideration of Emy-Lou Biedenharn Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

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To the Executive Board  
Emy-Lou Biedenharn Foundation  
June 25, 2012  
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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 16 – 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Heard McElroy & Vestal, LLC*

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

|   | DECEMBER 31                |                            |
|---|----------------------------|----------------------------|
|   | 2011                       | 2010                       |
| <b>ASSETS</b>                           |                            |                            |
| Current Assets                          |                            |                            |
| Cash and cash equivalents               | \$ 143,726                 | \$ 57,198                  |
| Receivables                             | 86,126                     | 63,551                     |
| Inventory                               | 50,166                     | 46,870                     |
| Investments                             | 2,432,337                  | 2,601,077                  |
| Prepaid expenses                        | 83,744                     | 82,230                     |
| Total Current Assets                    | <u>2,796,099</u>           | <u>2,850,926</u>           |
| Restricted Cash                         | 186,795                    | 188,958                    |
| Property and Equipment, net             | <u>5,175,694</u>           | <u>5,389,155</u>           |
| <b>TOTAL ASSETS</b>                     | <u><u>\$ 8,158,588</u></u> | <u><u>\$ 8,429,039</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                            |                            |
| Liabilities                             |                            |                            |
| Current Liabilities                     |                            |                            |
| Accounts payable                        | \$ 12,778                  | \$ 9,513                   |
| Accrued payroll liabilities             | 1,075                      | 424                        |
| Accrued interest payable                | 43,942                     | 50,166                     |
| Compensated absences                    | 2,290                      | 5,017                      |
| Current portion of long-term debt       | 435,000                    | 415,000                    |
| Total Current Liabilities               | <u>495,085</u>             | <u>480,120</u>             |
| Long-term Debt                          | <u>2,495,000</u>           | <u>2,930,000</u>           |
| Total Liabilities                       | <u>2,990,085</u>           | <u>3,410,120</u>           |
| Net Assets                              |                            |                            |
| Unrestricted                            | <u>5,168,503</u>           | <u>5,018,919</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 8,158,588</u></u> | <u><u>\$ 8,429,039</u></u> |

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

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF ACTIVITIES

|  | YEAR ENDED DECEMBER 31 |                     |
|--|------------------------|---------------------|
|  | 2011                   | 2010                |
| <b>UNRESTRICTED NET ASSETS</b>                 |                        |                     |
| Unrestricted Support, Revenues, and Gains      |                        |                     |
| Contributions                                  | \$ 569                 | \$ 14,445           |
| Program service fees                           | 130,304                | 140,267             |
| Investment return                              | 72,237                 | 173,489             |
| Trust  | 1,093,618              | 61,158              |
| Other  | 8,800                  | 11,032              |
| Total Unrestricted Revenues and Gains          | <u>1,305,528</u>       | <u>400,391</u>      |
| Expenses                                       |                        |                     |
| Program Services                               |                        |                     |
| Charitable contributions                       | 5,000                  | -                   |
| Conservator                                    | 463                    | 3,077               |
| Education                                      | 32,670                 | 21,028              |
| Exhibits and programs                          | 1,337                  | 4,817               |
| Marketing                                      | 15,478                 | 23,441              |
| Store and vending                              | 54,491                 | 70,818              |
| Personnel                                      | 321,165                | 443,921             |
| Support Services                               |                        |                     |
| Maintenance                                    | 69,341                 | 82,198              |
| Depreciation                                   | 254,329                | 255,611             |
| Insurance                                      | 121,480                | 129,528             |
| Federal excise and income taxes                | (2,000)                | (11,634)            |
| Office   | 7,283                  | 8,703               |
| Professional services                          | 64,213                 | 55,535              |
| Security                                       | 5,917                  | 4,181               |
| Telephone                                      | 12,124                 | 16,076              |
| Utilities                                      | 54,586                 | 58,061              |
| Interest on long-term debt                     | 138,067                | 156,814             |
| Total Expenses                                 | <u>1,155,944</u>       | <u>1,322,175</u>    |
| Increase (Decrease) in Unrestricted Net Assets | 149,584                | (921,784)           |
| NET ASSETS - BEGINNING OF YEAR                 | <u>5,018,919</u>       | <u>5,940,703</u>    |
| NET ASSETS - END OF YEAR                       | <u>\$ 5,168,503</u>    | <u>\$ 5,018,919</u> |

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

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF CASH FLOWS

|   | YEAR ENDED DECEMBER 31 |                  |
|---|------------------------|------------------|
|   | 2011                   | 2010             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                        |                  |
| Increase (Decrease) in Net Assets   | \$ 149,584             | \$ (921,784)     |
| Adjustments to reconcile net increase (decrease) in<br>net assets to net cash provided by operating activities: |                        |                  |
| Depreciation  | 254,329                | 255,611          |
| Net realized and unrealized gains from investments  | (21,848)               | (85,578)         |
| (Increase) decrease in operating assets   |                        |                  |
| Accounts receivable   | (22,575)               | (63,551)         |
| Inventory   | (3,296)                | 561              |
| Prepaid expenses  | (1,514)                | 6,790            |
| Other assets  | -                      | 1,782,121        |
| Increase (decrease) in operating liabilities  |                        |                  |
| Accounts payable  | 3,265                  | (40,533)         |
| Accrued payroll taxes   | 651                    | 375              |
| Accrued interest payable  | (6,224)                | (5,611)          |
| Accrued compensated absences  | (2,727)                | (23,377)         |
| Reserve for fire loss   | -                      | (314,474)        |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u>349,645</u>         | <u>590,550</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                        |                  |
| Proceeds from sale of investments   | 1,269,710              | 1,120,354        |
| (Increase) decrease in sweep account funds  | (1,079,122)            | 1,202,493        |
| Purchases of investments  | -                      | (1,049,791)      |
| Purchases of fixed assets   | (40,868)               | (1,799,539)      |
| Decrease in restricted cash   | 2,163                  | 95,773           |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>   | <u>151,883</u>         | <u>(430,710)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                        |                  |
| Payment of long-term debt   | (415,000)              | (405,000)        |
| <b>NET CASH USED BY FINANCING ACTIVITIES</b>  | <u>(415,000)</u>       | <u>(405,000)</u> |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>   | 86,528                 | (245,160)        |
| <b>BEGINNING CASH AND CASH EQUIVALENTS</b>  | <u>57,198</u>          | <u>302,358</u>   |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>   | <u>\$ 143,726</u>      | <u>\$ 57,198</u> |

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

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature of Operations

Emy-Lou Biedenharn Foundation (a private foundation) was incorporated under the laws of Louisiana on December 20, 1967. The purpose of the Foundation is to support benevolent, charitable and educational undertakings, which are aesthetic, biblical, educational, or musical in purpose. The Foundation primarily supports the operations of The Biedenharn Museum and Gardens which are comprised of a historic home, the formal gardens, Bible Museum and Coke Museum. The Foundation is supported primarily through admissions, grants, donor contributions and the Emy-Lou Biedenharn Foundation Endowment Trust. Approximately 83% and 15% of the Foundation's support for the years ended December 31, 2011 and 2010, respectively, came from the Emy-Lou Biedenharn Foundation Endowment Trust.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the calendar year in which the contributions are received. 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, either by passage of time or by use, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change of net assets. Investment income and net realized gains and losses are reported as increases in unrestricted net assets in the reporting period in which the income and net realized gains and losses are recognized. Both investment income and net realized and unrealized gains and losses are reported on the Statements of Activities.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. The Foundation began the sale of books in March, 1994. A Museum Store was added in 2008.

EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Property and Equipment

Property and Equipment are stated at cost or fair value at date of donation. Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Property and Equipment are depreciated using the straight-line method using the following useful lives:

|                         |               |
|-------------------------|---------------|
| Buildings               | 30 years      |
| Building improvements   | 10-18 years   |
| Autos & trucks          | 3 years       |
| Equipment               | 5-7 years     |
| Renovations             | 19-31.5 years |
| Landscaping renovations | 7-10 years    |
| Furniture and fixtures  | 5-10 years    |
| Books                   | 10-20 years   |
| Portraits and pictures  | 10-20 years   |

Advertising Costs

The Foundation expenses non-direct response advertising costs as incurred. Advertising expense totaled \$9,096 and \$13,942 for the years ended December 31, 2011 and 2010, respectively.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Use of Accounting 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.

EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010

NOTE 2 – CASH FLOW INFORMATION

Supplemental disclosures of cash flow information:

|                                | <u>2011</u>       | <u>2010</u>       |
|--------------------------------|-------------------|-------------------|
| Cash paid during the year for: |                   |                   |
| Interest                       | <u>\$ 144,291</u> | <u>\$ 179,780</u> |

NOTE 3 – CASH

|   | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|
| Cash and cash equivalents consist of the following: |                   |                   |
| Petty cash  | \$ 1,000          | \$ 800            |
| JPMorgan Chase Bank, N.A. – checking                | <u>142,726</u>    | <u>56,398</u>     |
| Total cash and cash equivalents                     | 143,726           | 57,198            |
| Restricted cash                                     | <u>186,795</u>    | <u>188,958</u>    |
| Total cash  | <u>\$ 330,521</u> | <u>\$ 246,156</u> |

Restricted cash consists of funds required to pay long-term debt. The Foundation is required to deposit into separate accounts on a monthly basis 1/6<sup>th</sup> of the semi-annual amount due for interest and principal on their long-term debt.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and consist of the following:

|  | <u>2011</u>         |                     |
|--|---------------------|---------------------|
|  | <u>Cost</u>         | <u>Market</u>       |
| JPMorgan U.S. Treasury Money Market Fund         | \$ 1,152,335        | \$ 1,152,335        |
| 16,961 Opportunity Fund LP                       | 17,845              | 27,602              |
| 750 Global Access Hedge Fund Strategies          | 750,000             | 746,132             |
| 25,000 FNMA 4.75% due 2/21/2013                  | 24,988              | 26,258              |
| 25,000 U.S. Treasury Notes 4% due 2/15/2014      | 25,899              | 26,961              |
| 80,000 U.S. Treasury Notes 4% due 2/15/2015      | 85,797              | 88,850              |
| 65,000 U.S. Treasury Notes 5.125% due 5/15/2016  | 72,769              | 77,345              |
| 70,000 FNMA 5.375% due 7/15/2016                 | 77,028              | 83,335              |
| 75,000 U.S. Treasury Notes 4.5% due 5/15/2017    | 79,550              | 88,952              |
| 45,000 U.S. Treasury Notes 3.375% due 11/15/2019 | 43,522              | 51,296              |
| 55,000 U.S. Treasury Notes 3.5% due 5/15/2020    | 58,700              | 63,271              |
|  | <u>\$ 2,388,433</u> | <u>\$ 2,432,337</u> |

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010NOTE 4 – INVESTMENTS (Continued)

|  | <u>2010</u>         |                     |
|--|---------------------|---------------------|
|  | <u>Cost</u>         | <u>Market</u>       |
| JPMorgan U.S. Treasury Money Market Fund         | \$ 73,212           | \$ 73,212           |
| 70,226 Opportunity Fund LP                       | 73,885              | 91,076              |
| 750 Global Access Hedge Fund Strategies          | 750,000             | 770,001             |
| 47,540 JP Morgan Mortgage Backed                 | 487,565             | 535,298             |
| 80,000 U.S. Treasury Notes 4% due 2/15/2015      | 85,797              | 87,644              |
| 65,000 U.S. Treasury Notes 5.125% due 5/15/2016  | 72,769              | 74,887              |
| 75,000 U.S. Treasury Notes 4.5% due 5/15/2017    | 79,551              | 83,918              |
| 80,000 U.S. Treasury Notes 3.375% due 11/15/2019 | 77,372              | 81,669              |
| 55,000 U.S. Treasury Notes 3.5% due 5/15/2020    | 58,700              | 56,341              |
| 50,000 U.S. Treasury Notes 5.0% due 8/15/2011    | 49,086              | 51,469              |
| 60,000 FHLM 5.5% due 9/15/2011                   | 59,297              | 62,147              |
| 75,000 U.S. Treasury Notes 1.125% due 1/15/2012  | 74,654              | 75,601              |
| 75,000 U.S. Treasury Notes 4.375% due 8/15/2012  | 77,236              | 79,746              |
| 10,000 Pitney Bowes 4.625% due 10/1/2012         | 9,945               | 10,493              |
| 75,000 Fannie Mae Notes 4.75% due 11/19/2012     | 82,147              | 80,701              |
| 30,000 FNMA 4.75% due 2/21/2013                  | 29,985              | 32,492              |
| 65,000 US Treasury Notes 4.25% due 11/15/2013    | 65,721              | 71,119              |
| 50,000 U.S. Treasury Notes 4.0% due 2/15/2014    | 51,799              | 54,469              |
| 60,000 FHLB 5.5% due 8/13/2014                   | 67,519              | 68,636              |
| 70,000 FNMA 5.375% due 7/15/2016                 | 77,028              | 80,382              |
| 75,000 U.S. Treasury Notes 3.75% due 11/15/2018  | 80,997              | 79,776              |
|  | <u>\$ 2,484,265</u> | <u>\$ 2,601,077</u> |

Unrealized appreciation was \$43,904 and \$116,812 at December 31, 2011 and 2010, respectively.

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended December 31:

|  | <u>2011</u>      | <u>2010</u>       |
|--|------------------|-------------------|
| Interest income                              | \$ 39,511        | \$ 50,787         |
| Dividend income                              | 10,878           | 37,124            |
| Net realized and unrealized gains and losses | <u>21,848</u>    | <u>85,578</u>     |
| Total investment return                      | <u>\$ 72,237</u> | <u>\$ 173,489</u> |

EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010

NOTE 5 – FAIR VALUE MEASUREMENTS

The Foundation adopted FASB ASC 820-10-50-1 which requires disclosures that stratify Statement of Financial Position amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2011 are as follows:

|                            | <u>Level 1</u>     | <u>Level 2</u>     | <u>Level 3</u> | <u>Fair Value</u>  |
|----------------------------|--------------------|--------------------|----------------|--------------------|
| JPMorgan Money Market Fund | \$1,152,335        | \$ -               | \$ -           | \$1,152,335        |
| Opportunity Fund LP        | -                  | 27,602             | -              | 27,602             |
| Global Access Hedge Fund   | -                  | 746,132            | -              | 746,132            |
| U.S. Government Bonds      | -                  | <u>506,268</u>     | -              | <u>506,268</u>     |
| Totals                     | <u>\$1,152,335</u> | <u>\$1,280,002</u> | <u>\$ -</u>    | <u>\$2,432,337</u> |

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2010 are as follows:

|                            | <u>Level 1</u>   | <u>Level 2</u>     | <u>Level 3</u> | <u>Fair Value</u>  |
|----------------------------|------------------|--------------------|----------------|--------------------|
| JPMorgan Money Market Fund | \$ 73,212        | \$ -               | \$ -           | \$ 73,212          |
| Opportunity Fund LP        | -                | 91,076             | -              | 91,076             |
| Global Access Hedge Fund   | -                | 770,001            | -              | 770,001            |
| U.S. Government Bonds      | -                | 1,120,997          | -              | 1,120,997          |
| Corporate Bonds            | -                | <u>545,791</u>     | -              | <u>545,791</u>     |
| Totals                     | <u>\$ 73,212</u> | <u>\$2,527,865</u> | <u>\$ -</u>    | <u>\$2,601,077</u> |

NOTE 6 - RECEIVABLES

|   | <u>2011</u>      | <u>2010</u>      |
|---|------------------|------------------|
| Receivables consist of the following:         |                  |                  |
| Dividends                                     | \$ 3             | \$ 2,393         |
| CVB grant                                     | 1,500            | -                |
| Federal excise taxes                          | 5,844            | -                |
| Emy-Lou Biedenharn Foundation Endowment Trust | <u>78,779</u>    | <u>61,158</u>    |
| Totals  | <u>\$ 86,126</u> | <u>\$ 63,551</u> |

The Foundation's accounts receivable are stated at the amount management expects to collect from outstanding balances. If necessary, management provides for probable uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has concluded that a valuation allowance is unnecessary due to the stability of the client base and the monitoring of outstanding balances.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010NOTE 7 – PROPERTY AND EQUIPMENT

|                         | 2011                |                                     |                     |
|-------------------------|---------------------|-------------------------------------|---------------------|
|                         | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net</u>          |
| Assets:                 |                     |                                     |                     |
| Land                    | \$ 85,567           | \$ -                                | \$ 85,567           |
| Buildings               | 643,908             | 337,849                             | 306,059             |
| Building improvements   | 316,485             | 255,306                             | 61,179              |
| Autos and trucks        | 7,522               | 7,522                               | -                   |
| Equipment               | 161,365             | 116,725                             | 44,640              |
| Renovations             | 6,190,912           | 1,678,015                           | 4,512,897           |
| Landscaping renovations | 147,422             | 130,383                             | 17,039              |
| Furniture and fixtures  | 243,343             | 192,176                             | 51,167              |
| Books                   | 94,974              | 81,998                              | 12,976              |
| Portraits and pictures  | <u>123,490</u>      | <u>39,320</u>                       | <u>84,170</u>       |
| Total                   | <u>\$ 8,014,988</u> | <u>\$ 2,839,294</u>                 | <u>\$ 5,175,694</u> |
|                         |                     |                                     |                     |
|                         | 2010                |                                     |                     |
|                         | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net</u>          |
| Assets:                 |                     |                                     |                     |
| Land                    | \$ 85,567           | \$ -                                | \$ 85,567           |
| Buildings               | 643,908             | 326,520                             | 317,388             |
| Building improvements   | 279,485             | 241,490                             | 37,995              |
| Autos and trucks        | 7,522               | 7,522                               | -                   |
| Equipment               | 159,697             | 102,838                             | 56,859              |
| Renovations             | 6,190,912           | 1,495,212                           | 4,695,700           |
| Landscaping renovations | 147,422             | 121,039                             | 26,383              |
| Furniture and fixtures  | 241,143             | 179,238                             | 61,905              |
| Books                   | 94,974              | 79,469                              | 15,505              |
| Portraits and pictures  | <u>123,490</u>      | <u>31,637</u>                       | <u>91,853</u>       |
| Total                   | <u>\$ 7,974,120</u> | <u>\$ 2,584,965</u>                 | <u>\$ 5,389,155</u> |

Depreciation expense totaled \$254,329 and \$255,611 for the years ended December 31, 2011 and 2010, respectively.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010NOTE 8 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation has concentrated its risk for cash by maintaining deposits in one bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2011 and 2010. The excess of the deposit liabilities reported by the bank over the amounts covered by federal insurance totaled \$74,030 and \$953 at December 31, 2011 and 2010, respectively.

NOTE 9 – INCOME TAXES

The Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Service Code Section 501 (c) (3) and is classified by the Internal Revenue Service as a private foundation. However, any unrelated business taxable income of the Foundation is subject to ordinary corporate income tax rates ranging from 15% to 39%. Since the Foundation is classified as a private foundation it is subject to Federal excise tax on net investment income at rates up to 2%. Federal excise and unrelated business income taxes are reported on the Statements of Activities net of prior year overpayments.

The Foundation, as required by accounting standards, reviewed its various tax positions taken or expected to be taken in its tax returns and has determined it does not have unrecognized tax benefits and the Foundation does not expect that position to change significantly over the next twelve months. The Foundation will recognize interest and penalties on any unrecognized tax benefits as a component of Federal excise and income taxes expense. As of December 31, 2011 and 2010, the Foundation has not accrued interest or penalties related to uncertain tax positions.

The Foundation is no longer subject to income tax examinations by tax authorities for years before 2008.

NOTE 10 – COMPENSATED ABSENCES

Full-time employees of the Foundation are entitled to both vacation and sick pay. Effective July 1, 2009, vacation pay is accrued at a rate of 40 hours per year for the first 2 years of service. Between 3 and 10 years of service, the rate increases to 80 hours per year. After 10 years of service, the rate increases to 120 hours per year. Vacation time must be used within 12 months of its accrual. Unused vacation time is paid upon termination. Sick pay is accrued at a rate of 2 hours per month upon completion of 6 months service. Sick pay cannot be carried over. The accrual for compensated absences totaled \$2,290 and \$5,017 for the years ended December 31, 2011 and 2010, respectively.

EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010

NOTE 11 – LONG-TERM DEBT

The Foundation entered into a loan agreement with Monroe-West Monroe Convention and Visitors Bureau on September 1, 2007. The Foundation received a \$4,500,000 loan to assist them in renovations, additions and improvements to the Biedenharn Museum & Gardens in Monroe, Louisiana. The Monroe-West Monroe Convention and Visitors Bureau received Revenue Bonds, Series 2007, to assist the Foundation in this matter. The Foundation pledges revenues until this loan agreement has been paid in full. On December 1, 2011 the loan agreement between Monroe-West Monroe Convention and Visitors Bureau and the Foundation was amended and restated to remove the debt service ratio coverage requirement set forth therein. JPMorgan Chase Bank as sole owner of the bonds provided its written consent and authorization to the amendment.

Interest on the loan is charged at a rate of 4.45%, with interest and principal payments due in semi-annual payments on March 1 and September 1 of each year. The maturity date of this loan is September 1, 2017. Annual payment requirements are as follows:

| <u>Year Ending December 31,</u> | <u>Interest</u>   | <u>Principal</u>    | <u>Total</u>        |
|---------------------------------|-------------------|---------------------|---------------------|
| 2012                            | 125,601           | 435,000             | 560,601             |
| 2013                            | 106,021           | 455,000             | 561,021             |
| 2014                            | 85,551            | 475,000             | 560,551             |
| 2015                            | 64,191            | 495,000             | 559,191             |
| 2016                            | 41,830            | 525,000             | 566,830             |
| 2017                            | 18,245            | 545,000             | 563,245             |
|                                 | <u>\$ 441,439</u> | <u>\$ 2,930,000</u> | <u>\$ 3,371,439</u> |

NOTE 12 – LEASES

Prior to 2011, the Foundation had a commercial operating lease with Rhymes Family, LLC and Fremont Corporation for \$1,500 per month. The lease was a direct result of a fire that occurred in September, 2004. Rent expenses relating to the lease was \$9,000 for the year ended December 31, 2010. The lease was cancelled during 2010.

NOTE 13 – PENSION PLAN

The Foundation has a 403(b) defined contribution salary deferral plan covering substantially all full-time employees. Under the plan, the Foundation contributes three percent of each eligible employee's salary. Plan expenses incurred by the Foundation were \$4,583 and \$7,112 for the years ended December 31, 2011 and 2010, respectively.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011 AND 2010NOTE 14 – EMPLOYEE BENEFITS

The Foundation pays 70% of the hospitalization insurance premiums for all full-time employees and 25% of participating employees' family hospitalization insurance premiums. The Foundation's portion of hospitalization insurance premiums paid were \$16,698 and \$22,369 for the years ended December 31, 2011 and 2010, respectively.

NOTE 15 – EMY-LOU BIEDENHARN FOUNDATION ENDOWMENT TRUST

Emma Louise Biedenharn created the Emy-Lou Biedenharn Foundation Endowment Trust (Trust) on December 3, 1969 which provides the Foundation's major source of income. The Trust is held and administered by JP Morgan Chase Trust Company and is neither in possession of nor under control of the Foundation. Income from the Trust is required to be distributed to the Foundation annually. Prior to 2012, distributions from the Trust were generally made in December of each year. Beginning in 2012, distributions equal to 95% of the cumulative Trust income are paid quarterly. Income from the Trust totaled \$1,093,618 in 2011 and \$61,158 in 2010. Excess accumulated prior year's distributions by the Trust to the Foundation totaling \$737,794 as of December 31, 2010 reduced the 2010 required minimum distribution from the Trust to \$61,158. Receivables in the amounts of \$78,779 and \$61,158, representing the unpaid balances of required minimum distributions, are included in Receivables on the Statements of Financial Position at December 31, 2011 and 2010, respectively.

NOTE 16 – RISK OF LOSS

The Foundation is exposed to a variety of risks that may result in losses. The risks may include, but are not limited to, possible losses from acts of God, injury to employees, property damage or breach of contract. The Foundation mitigates these potential losses through the purchase of property and liability insurance with the level of coverage being constant. There are no known claims against the Foundation.

NOTE 17 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 25, 2012, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent events as of this date.

**SUPPLEMENTARY INFORMATION**

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES

|                                      | YEAR ENDED DECEMBER 31 |                  |
|--------------------------------------|------------------------|------------------|
|                                      | 2011                   | 2010             |
| PROGRAM SERVICES                     |                        |                  |
| Conservator:                         |                        |                  |
| Conservation supplies                | \$ 39                  | \$ 55            |
| Conservator services                 | -                      | 2,750            |
| Miscellaneous                        | 424                    | 272              |
| Total Conservator Expenses           | <u>\$ 463</u>          | <u>\$ 3,077</u>  |
| Education:                           |                        |                  |
| Christmas                            | \$ 7,907               | \$ 6,005         |
| Postage                              | 1,190                  | 936              |
| Professional library                 | 64                     | 25               |
| Publication and print                | 6,883                  | 1,255            |
| Receptions                           | 184                    | 142              |
| School programs                      | 298                    | 1,874            |
| Special events                       | 9,672                  | 2,714            |
| Supplies                             | -                      | 65               |
| Symposium                            | 6,472                  | 8,012            |
| Total Education Expenses             | <u>\$ 32,670</u>       | <u>\$ 21,028</u> |
| Exhibits and Programs:               |                        |                  |
| Exhibit design                       | \$ 1,337               | \$ 3,699         |
| Program planning                     | -                      | 1,118            |
| Total Exhibits and Programs Expenses | <u>\$ 1,337</u>        | <u>\$ 4,817</u>  |

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

|                              | YEAR ENDED DECEMBER 31 |                   |
|------------------------------|------------------------|-------------------|
|                              | 2011                   | 2010              |
| PROGRAM SERVICES (Continued) |                        |                   |
| Marketing:                   |                        |                   |
| Billboards                   | \$ -                   | \$ (410)          |
| General brochure             | 3,662                  | 6,012             |
| Newspapers                   | 9,096                  | 14,352            |
| Other media and photo        | 2,720                  | 3,487             |
| Total Marketing Expenses     | <u>\$ 15,478</u>       | <u>\$ 23,441</u>  |
| Store and Vending:           |                        |                   |
| Supplies                     | \$ 4,065               | \$ 994            |
| Offsite Storage Rent         | -                      | 4,012             |
| Travel                       | 3,890                  | 2,305             |
| Fixtures and Displays        | 261                    | 309               |
| Cost of sales - Vending      | 7,441                  | 11,350            |
| Cost of sales - Store        | 38,899                 | 51,893            |
| Sales tax                    | (65)                   | (45)              |
| Total Store and Vending      | <u>\$ 54,491</u>       | <u>\$ 70,818</u>  |
| Personnel:                   |                        |                   |
| Salaries                     | \$ 271,493             | \$ 379,271        |
| Payroll taxes                | 21,819                 | 33,128            |
| Fringe benefits              | 21,281                 | 29,481            |
| Staff development            | 1,505                  | 870               |
| Temporary labor              | 4,568                  | 836               |
| Miscellaneous - mileage      | 499                    | 335               |
| Total Personnel Expenses     | <u>\$ 321,165</u>      | <u>\$ 443,921</u> |

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

|                                  | YEAR ENDED DECEMBER 31 |            |
|----------------------------------|------------------------|------------|
|                                  | 2011                   | 2010       |
| SUPPORT SERVICES                 |                        |            |
| Maintenance                      |                        |            |
| Building inside repairs          | \$ 8,133               | \$ 12,498  |
| Facilities maintenance           | 5,382                  | 8,686      |
| Garden equipment                 | 1,964                  | 1,283      |
| Garden equipment repair          | 1,438                  | 1,638      |
| Garden repairs                   | 7,281                  | 2,456      |
| Garden supplies                  | 6,871                  | 5,368      |
| Gardens                          | -                      | 2,851      |
| Heating/AC                       | 13,476                 | 4,934      |
| Janitorial                       | 776                    | 9,687      |
| Light bulbs                      | 1,061                  | 980        |
| Miscellaneous facilities         | 1,553                  | 609        |
| Pest control                     | 2,843                  | 4,968      |
| Plants and bulbs                 | 7,721                  | 11,089     |
| Sprinkler system                 | 1,807                  | 4,040      |
| Supplies                         | 4,365                  | 6,096      |
| Vehicle                          | 1,212                  | 1,026      |
| Weed control                     | 3,458                  | 3,989      |
| Total Maintenance Expenses       | \$ 69,341              | \$ 82,198  |
| Insurance:                       |                        |            |
| Business auto                    | \$ 2,294               | \$ 2,129   |
| Directors and officers liability | 6,881                  | 6,776      |
| Property                         | 94,544                 | 95,408     |
| Umbrella                         | 13,129                 | 17,776     |
| Worker's compensation            | 4,632                  | 7,439      |
| Total Insurance Expenses         | \$ 121,480             | \$ 129,528 |

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

|                                      | YEAR ENDED DECEMBER 31 |                  |
|--------------------------------------|------------------------|------------------|
|                                      | 2011                   | 2010             |
| SUPPORT SERVICES (Continued)         |                        |                  |
| Office:                              |                        |                  |
| Bank service charges and bond fees   | \$ 5,166               | \$ 5,335         |
| Dues and subscriptions               | 1,037                  | 1,037            |
| Miscellaneous                        | 202                    | 1,395            |
| Printing and postage                 | 878                    | 936              |
| Total Office Expenses                | <u>\$ 7,283</u>        | <u>\$ 8,703</u>  |
| Professional services:               |                        |                  |
| Consultant fees - Hilliard           | \$ 15,250              | \$ 4,000         |
| Fees and audit                       | 24,757                 | 21,305           |
| Legal fees                           | 4,395                  | 6,500            |
| Odenwald                             | 7,757                  | 8,175            |
| Portfolio fees - agency              | 12,054                 | 15,555           |
| Total Professional Services Expenses | <u>\$ 64,213</u>       | <u>\$ 55,535</u> |
| Telephone:                           |                        |                  |
| A T & T                              | \$ -                   | \$ 934           |
| CenturyLink                          | 9,995                  | 10,477           |
| Internet fees                        | 2,129                  | 4,665            |
| Total Telephone Expenses             | <u>\$ 12,124</u>       | <u>\$ 16,076</u> |
| Utilities:                           |                        |                  |
| Cable                                | \$ -                   | \$ 180           |
| Electricity                          | 39,803                 | 42,797           |
| Garbage pickup                       | 44                     | -                |
| Gas                                  | 4,423                  | 4,940            |
| Water                                | 10,316                 | 10,144           |
| Total Utilities Expenses             | <u>\$ 54,586</u>       | <u>\$ 58,061</u> |

**OTHER INDEPENDENT AUDITORS' REPORT**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

June 25, 2012

To the Executive Board  
Emy-Lou Biedenharn Foundation  
Monroe, Louisiana

We have audited the financial statements of Emy-Lou Biedenharn Foundation (a private foundation) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 25, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

## Internal Control over Financial Reporting

In planning and performing our audits, we considered Emy-Lou Biedenharn Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emy-Lou Biedenharn Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Emy-Lou Biedenharn Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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To the Executive Board  
Emy-Lou Biedenharn Foundation  
June 25, 2012  
Page 2 of 2

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emy-Lou Biedenharn Foundation's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Emy-Lou Biedenharn Foundation in a separate letter dated June 25, 2012.

This report is intended solely for the information and use of the executive board, management, and the agencies granting funds to the Foundation, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Heard M. & Emy & Vestal, LLC*

## EMY-LOU BIEDENHARN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

We have audited the financial statements of Emy-Lou Biedenharn Foundation (a private foundation) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. 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 December 31, 2011 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 weaknesses were noted; a management letter was issued.

Compliance – No material noncompliance was noted.

## b. Federal Awards – Emy-Lou Biedenharn Foundation was not subject to a federal single audit for the year ended December 31, 2011.

Section II – Financial Statement Findings

No matters were reported.

EMY-LOU BIEDENHARN FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

No significant deficiencies, material weaknesses, or instances of material noncompliance were noted in the prior year.

# HEARD, McELROY, & VESTAL

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## Auditors' Required Communications With Those Charged With Governance

June 25, 2012

To the Executive Board  
Emy-Lou Biedenharn Foundation  
Monroe, Louisiana

We have audited the financial statements of Emy-Lou Biedenharn Foundation (a private foundation) as of December 31, 2011, and have issued our report thereon dated June 25, 2012. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and if applicable, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Findings from the Audit

#### *Qualitative Aspects of Accounting Practices*

Management of Emy-Lou Biedenharn Foundation, with the executive board's oversight, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. The significant policies used by the Emy-Lou Biedenharn Foundation are described in Note 1 to the financial statements. There were no new accounting policies adopted, and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Emy-Lou Biedenharn Foundation during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### *Difficulties Encountered in Performing the Audit*

We did not encounter significant difficulties in dealing with management in performing and completing our audit.

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Significant Findings from the Audit (Continued)

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are immaterial, and communicate them to the appropriate level of management. All misstatements found during the audit have been corrected. There are no known misstatements that have not been corrected in the financial statements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

Our professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements occurred during the course of our audit that remained unresolved.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 25, 2012.

*Management Consultations with Other Independent Accountants*

Management, in some cases, may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves applications of an accounting principle to the Emy-Lou Biedenharn Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

Any discussions that were had with the Emy-Lou Biedenharn Foundation occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Executive Board and management of the Emy-Lou Biedenharn Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLC



Michael M. Martin, CPA