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SHREVEPORT SYMPHONY, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2007

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 4/9/08

SHREVEPORT SYMPHONY, INC.

SHREVEPORT, LOUISIANA

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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December 27, 2007

The Board of Directors
Shreveport Symphony, Inc.
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying consolidated statement of financial position of Shreveport Symphony, Inc. at June 30, 2007, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of Shreveport Symphony, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shreveport Symphony, Inc. at June 30, 2007, and the consolidated changes in its net assets and its cash flows for the year 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 a report dated December 27, 2007, on our consideration of Shreveport Symphony's internal control over financial reporting and 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 audit.

Heard, McElroy & Vestal, LLP

HMV
A PROFESSIONAL SERVICES FIRM
SHREVEPORT & HOUMA, LOUISIANA
HOUMA, LOUISIANA

HOUMA, LOUISIANA
NEW ORLEANS, LOUISIANA

SHREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2007

A S S E T S

Current assets:

Cash	235,133
Accounts receivable	41,812
Prepaid expenses	4,647
Due from other funds	<u>384,449</u>
Total current assets	666,041

Investments

243,618

Fixed assets:

Property and equipment	307,465
Accumulated depreciation	<u>(226,357)</u>
Net fixed assets	<u>81,108</u>

Total assets

990,767

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	19,560
Accrued payroll liabilities	1,514
Deferred revenues	206,665
Borrowings	60,000
Due to other funds	<u>384,449</u>
Total current liabilities	672,188

Net assets (deficit):

Unrestricted:	
Operating	(550,796)
Fixed assets	81,108
Designated for endowment	<u>410,067</u>
Total unrestricted	(59,621)
Permanently restricted	<u>378,200</u>
Total net assets	<u>318,579</u>

Total liabilities and net assets

990,767

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

SHREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains, and support:</u>			
Ticket sales	254,742	-	254,742
Performance fees	140,848	-	140,848
Grants	199,470	-	199,470
Annual fund drive	309,763	-	309,763
Other fundraising	196,473	-	196,473
Sponsorship	107,000	-	107,000
Advertising	49,975	-	49,975
Other donations	47,597	50,200	97,797
Investment income	22,276	17,507	39,783
Other	<u>25,528</u>	<u>-</u>	<u>25,528</u>
Total revenues, gains, and support	1,353,672	67,707	1,421,379
<u>Expenses:</u>			
Program services:			
Concert production	206,630	-	206,630
Music administration	703,001	-	703,001
Marketing and public relations	105,794	-	105,794
Education and outreach	<u>916</u>	<u>-</u>	<u>916</u>
Total program services	1,016,341	-	1,016,341
Support services:			
Development and fundraising	121,414	-	121,414
General and administrative	<u>327,486</u>	<u>-</u>	<u>327,486</u>
Total support services	<u>44,890</u>	<u>-</u>	<u>448,900</u>
Total expenses	<u>1,465,241</u>	<u>-</u>	<u>1,465,241</u>
<u>Change in net assets</u>	(111,569)	67,707	(43,862)
<u>Net assets-beginning of year</u>	<u>51,948</u>	<u>310,493</u>	<u>362,441</u>
<u>Net assets-end of year</u>	<u>(59,621)</u>	<u>378,200</u>	<u>318,579</u>

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

SIREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:

Change in net assets	(43,862)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	11,390
Unrealized gain on investments	(18,594)
(Increase) in accounts receivable	(19,124)
(Increase) in prepaid expenses	(1,147)
(Decrease) in accounts payable	6,206
(Decrease) in accrued liabilities	(24,598)
Increase in deferred revenue	<u>58,518</u>
Net cash (used) by operating activities	(31,211)

Cash flows from financing activities:

Repayment of debt	(114,771)
Proceeds from long-term debt	<u>60,000</u>
Net cash (used) by financing activities	<u>(54,771)</u>

Net (decrease) in cash and cash equivalents (85,982)

Cash and cash equivalents-beginning of year 321,115

Cash and cash equivalents-end of year 235,133

Supplemental disclosures of cash flow information:

Cash paid during the year for:	
Interest expense	<u>3,034</u>
Income tax	<u>-</u>

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

SHREVEPORT SYMPHONY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AT JUNE 30, 2007

1. Summary of Significant Accounting Policies

Financial Statement Consolidation

The consolidated financial statements include the accounts of The Shreveport Symphony, Inc. and Shreveport Symphony Orchestra Foundation, a nonprofit corporation whose sole membership is the Executive Committee of The Shreveport Symphony, Inc. All significant intercompany transactions have been eliminated in the consolidated financial statements.

Nature of Activities

The Shreveport Symphony, Inc. is a nonprofit organization formed in 1948. Its major sources of revenue are ticket sales and fees, grants, and individual and corporate contributions. The Symphony's musicians are organized under a collective bargaining agreement between the Symphony and Local 116, American Federation of Musicians. The Symphony's stagehands are organized under a collective bargaining agreement between the Symphony and Local 298, International Alliance of Theatrical Stage Employees. The Symphony includes the following program and support activities:

Concert Production - Includes the expenses necessary to produce the concerts that the Symphony performs.

Music Administration - Includes the expenses required to maintain the core musician staff and the music library.

Marketing and Public Relations - Encompasses the identification, cultivation and expansion of the Symphony's audience as the primary effort to promote the enjoyment of classical music and to increase public involvement in the Symphony's activities.

Development and Fund Raising - Provides the structure necessary to encourage and secure private financial support from individuals, foundation, and corporations, as well as efforts to obtain state and local government funding.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. Summary of Significant Accounting Policies (Continued)

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, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

Both the Symphony and the Foundation are nonprofit corporations exempt from state and federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Retirement Obligations

The employees of the Symphony are members of the Social Security System. There are no other retirement plans available through the Symphony.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Symphony considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method. The capitalization policy is generally \$250.

Investments and Investment Income and Gains

The Symphony carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gain are recognized.

Deferred Revenue

Revenues from season ticket sales and concert sponsorships which have been received for the next Symphony season are recorded as deferred revenue.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation

The costs of provided various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees of the Symphony earn one week of vacation after one year of service and two weeks of vacation after two or more years of service. They are required to use the vacation or lose it. Vacation time does not carry forward from one year to the next. There is no formal policy regarding sick leave, but sick leave is not allowed to be carried forward from one year to the next and is not paid upon termination of employment.

Advertising

Advertising costs are expensed as incurred. Such costs amounted to \$26,019 for the year ended June 30, 2007.

2. Concentrations of Credit Risk

Financial instruments that potentially subject the Symphony to concentrations of credit risk consist principally of temporary cash investments, endowment investments, and accounts receivable.

The Symphony maintains its temporary cash balances at several financial institutions located in Shreveport, Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of June 30, 2007, the Symphony had \$131,244 in uninsured cash balances.

The Symphony maintains its endowment investments with various investment companies. Accounts at these investment companies are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims up to \$100,000). As of June 30, 2007, the Symphony's bases in endowment investments were within the insured range.

Concentrations of credit risk with respect to accounts receivable are limited due to the number of contributors comprising the Symphony's contributor base and their dispersion across different industries.

3. Due to and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2007.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Symphony Operating Fund	-	384,449
Board Designated Endowment Fund	<u>384,449</u>	-
	<u>384,449</u>	<u>384,449</u>

The \$384,449 inter-fund payable from the Operating Fund to the Board Designated Endowment Fund represents the amount of unrestricted endowment funds, including deferred unrestricted funds, which were borrowed to meet operating expenses incurred in the June 30, 2003 fiscal year.

4. Investments

Investments are stated at fair value and consist of mutual funds as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Gross Unrealized Gains</u>
Mutual funds	<u>243,618</u>	<u>23,541</u>

5. **Property and Equipment**

As of June 30, 2007, property and equipment consisted of the following:

Leasehold improvements	122,039
Musical instruments	99,233
Concert production equipment	26,981
Office furniture and equipment	46,795
Computer software and equipment	<u>12,417</u>
	<u>307,465</u>

Depreciation expense for the year ended June 30, 2007, was \$11,390 and is included in general and administrative expenses.

6. **Unrestricted Net Assets**

As of June 30, 2007, unrestricted net assets consisted of the following:

<u>Fund</u>	
Operating	(550,796)
Fixed assets	81,108
Designated for endowment	<u>410,067</u>
Total unrestricted	<u>(59,621)</u>

7. **Permanently Restricted Net Assets**

Permanently restricted net assets are comprised of endowments made both to the Symphony and the Foundation in which the principal is to be held indefinitely. The income from the assets can be used to support the Symphony's general operations.

8. **Rent**

The Symphony rents the office space it occupies on a month-to-month basis at a rate of \$1,612 per month. Total expense for the year ended June 30, 2007 amounted to \$19,344.

9. **Borrowings**

Borrowings consisted of the following:

FlexLine loan from AmSouth Bank dated 4-1-05 for a maximum of \$25,000; due on demand; interest at WSJ prime plus 3.00% (11.25% at 6-30-07); collateralized by investments.

Revolving credit line with AmSouth Bank dated 5-16-05 for a maximum of \$175,000; due on demand; if no demand, interest payable monthly and principal due 5-16-08; interest at Bank prime plus 0.25%; collateralized by investments.

Total borrowings 60,000

10. **Related Party Transactions**

Revenues, including contributions, received during the year from officers and directors of the Symphony amounted to approximately \$62,500.

SUPPLEMENTARY INFORMATION

SHREVEPORT SYMPHONY, INC. AND SUBSIDIARY

DETAILS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2007

<u>A S S E T S</u>	<u>Shreveport Symphony, Inc.</u>	<u>Shreveport Symphony Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current assets:</u>				
Cash	66,033	169,100	-	235,133
Accounts receivable	41,812	-	-	41,812
Prepaid expenses	4,647	-	-	4,647
Due from other funds	<u>384,449</u>	<u>-</u>	<u>-</u>	<u>384,449</u>
Total current assets	496,941	169,100	-	666,041
<u>Investments</u>	<u>243,618</u>	<u>-</u>	<u>-</u>	<u>243,618</u>
<u>Fixed assets:</u>				
Property and equipment	307,465	-	-	307,465
Accumulated depreciation	<u>(226,357)</u>	<u>-</u>	<u>-</u>	<u>(226,357)</u>
Net fixed assets	81,108	-	-	81,108
 Total assets	 <u>821,667</u>	 <u>169,100</u>	 <u>-</u>	 <u>990,767</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Accounts payable	19,560	-	-	19,560
Accrued payroll liabilities	1,514	-	-	1,514
Deferred revenues	206,665	-	-	206,665
Borrowings	60,000	-	-	60,000
Due to other funds	<u>384,449</u>	<u>-</u>	<u>-</u>	<u>384,449</u>
Total current liabilities	672,188	-	-	672,188
<u>Net assets (deficit):</u>				
Unrestricted:				
Operating	(559,696)	8,900	-	(550,796)
Fixed assets	81,108	-	-	81,108
Designated for endowment	<u>410,067</u>	<u>-</u>	<u>-</u>	<u>410,067</u>
Total unrestricted	(68,521)	8,900	-	(59,621)
Permanently restricted	<u>218,000</u>	<u>160,200</u>	<u>-</u>	<u>378,200</u>
Total net assets	<u>149,479</u>	<u>169,100</u>	<u>-</u>	<u>318,579</u>
 Total liabilities and net assets	 <u>821,667</u>	 <u>169,100</u>	 <u>-</u>	 <u>990,767</u>

<u>Shreveport Symphony Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
-	-	254,742
-	-	140,848
-	-	199,470
-	-	309,763
-	-	151,262
-	-	107,000
-	-	49,975
50,200	-	97,797
5,196	-	39,783
-	-	<u>25,528</u>
<u>55,396</u>	<u>-</u>	1,421,379
-	-	206,630
-	-	703,001
-	-	105,794
-	-	<u>916</u>
<u>-</u>	<u>-</u>	1,016,341
-	-	121,414
-	-	<u>327,486</u>
<u>-</u>	<u>-</u>	<u>448,900</u>
<u>-</u>	<u>-</u>	<u>1,465,241</u>
55,396	-	(43,862)
<u>113,704</u>	<u>-</u>	<u>362,441</u>
<u>169,100</u>	<u>-</u>	<u>318,579</u>

OTHER REPORTS

SHREVEPORT SYMPHONY, INC. AND SUBSIDIARY

DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Shreveport Symphony, Inc.</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains, and support:</u>			
Ticket sales	254,742	-	254,742
Performance fees	140,848	-	140,848
Grants	199,470	-	199,470
Annual fund drive	309,763	-	309,763
Other fundraising	196,473	-	196,473
Sponsorship	107,000	-	107,000
Advertising	49,975	-	49,975
Other donations	47,597	-	47,597
Investment income	17,080	17,507	34,587
Other	<u>25,528</u>	<u>-</u>	<u>25,528</u>
Total revenues, gains, and support	<u>1,348,476</u>	<u>17,507</u>	<u>1,365,983</u>
<u>Expenses:</u>			
Program services:			
Concert production	206,630	-	206,630
Music administration	703,001	-	703,001
Marketing and public relations	105,794	-	105,794
Education and outreach	<u>916</u>	<u>-</u>	<u>916</u>
Total program services	<u>1,016,341</u>	<u>-</u>	<u>1,016,341</u>
Support services:			
Development and fundraising	121,414	-	121,414
General and administrative	<u>327,486</u>	<u>-</u>	<u>327,486</u>
Total support services	<u>448,900</u>	<u>-</u>	<u>448,900</u>
Total expenses	<u>1,409,840</u>	<u>-</u>	<u>1,409,840</u>
<u>Change in net assets</u>	(116,765)	17,507	(99,258)
<u>Net assets-beginning of year</u>	<u>48,244</u>	<u>200,493</u>	<u>248,737</u>
<u>Net assets-end of year</u>	<u>(68,521)</u>	<u>218,000</u>	<u>149,479</u>

December 27, 2007

The Board of Directors
Shreveport Symphony, Inc.
Shreveport, Louisiana

**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**

We have audited the consolidated financial statements of Shreveport Symphony, Inc., as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Symphony's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Symphony's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Symphony's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-1 through 2007-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the Symphony's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described as item 2007-3 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Symphony's consolidated financial statements are free of material misstatement, we performed tests of its 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 consolidated 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*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

SHREVEPORT SYMPHONY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Shreveport Symphony, Inc.
2. Three significant deficiencies in internal control relating to the audit of the financial statements of Shreveport Symphony, Inc. are reported. One is a material weakness.
3. No instances of noncompliance are reported.
4. Shreveport Symphony, Inc. was not subject to a single audit for the year ended June 30, 2007.

II. Findings - Financial Statement Audit

2007-1 Grant Receivables

Payments due from grantors at the end of the fiscal year are not recorded in the general ledger until the payment is received. Instead, a receivable for the amount due from the grantor should be set up, with a related credit to grant revenue. When payment is received, the appropriate cash account should be debited, and the grant receivable relieved. In this way, the proper amount of revenue is recognized, and cash balances remain reconciled to the related bank accounts.

Management Response - We agree with the finding, and will account for grant billings and receipts in this manner.

2007-2 Raffle Fundraiser

Revenue and expenses related to the Raffle Fundraiser are not being fully recorded in the general ledger, with only the net revenue being recognized. Gross revenue and expenses for the Raffle should be included in the general ledger in their entirety, not solely in a separate ledger. Although this had a net effect of zero on the financial statements, it results in an understatement of total revenue and total expenses, and does not present the full results of the Fundraiser.

Management Response - We agree with the finding, and will record fundraising revenue and expense at gross amounts in the general ledger.

2007-03 Auditor Preparation of Financial Statements

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Symphony's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and

annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management have the ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls. This condition is intentional and results from management balancing the Symphony's financial complexity with the appropriate level of accounting expertise. It is not cost effective for the Symphony to attain the ability to prepare its annual financial statements in-house.

Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under SAS 112. In this case both management and the auditor do not believe that curing the material weakness described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

SHREVEPORT SYMPHONY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

I. Internal Control and Compliance Material to the Financial Statements

2006-1 Submission of Audited Financial Statements to Legislative Auditor - resolved.

2006-2 Prior Year Audit Adjustments - resolved.

2006-3 Bank Reconciliations - resolved.

2006-4 Grant Receivables - repeated as item 2007-1.