

Shreveport Regional Arts Council
Shreveport, Louisiana
Financial Statements
As of and for the Year Ended June 30, 2009

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 4/21/10

Shreveport Regional Arts Council
Shreveport, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

C. BRYAN COYLE, CPA
STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

We have audited the accompanying statements of financial position of the Shreveport Regional Arts Council as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Shreveport Regional Arts Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

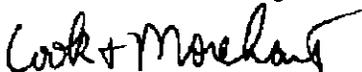
Except as explained in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

Many of the accounting records, as well as corroborating evidence in support of the financial statements, were destroyed in a fire, which also destroyed Shreveport Regional Arts Council's central office. The records that remain are not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the statements of activities, functional expenses and cash flows for the year ended June 30, 2009.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the statements of activities, functional expenses and cash flows for the year ended June 30, 2009.

In our opinion, the balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of the Shreveport Regional Arts Council as of June 30, 2009, 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 March 29, 2010, on our consideration of the Shreveport Regional Arts Council'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 important for assessing the results of our audit.



Cook and Morehart
Certified Public Accountants
March 29, 2010

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Statement of Financial Position
 June 30, 2009

Assets

Current assets:

Cash and cash equivalents	\$ 631,073
Investments	1,040,435
Grants receivable	17,622
Other receivables	18,750
Unconditional promises to give	102,438
Prepaid expenses	4,785
Total current assets	<u>1,815,103</u>

Noncurrent assets:

Deposits	1,200
Property and equipment, net	80,799
Total noncurrent assets	<u>81,999</u>

Total Assets **\$ 1,897,102**

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 23,137
Grants payable	98,027
Accrued expenses	31,500
Total current liabilities	<u>152,664</u>

Net assets

Unrestricted:	
Operating	192,063
Designated	1,040,435
Fixed assets	80,799
Temporarily restricted	431,141
Total net assets	<u>1,744,438</u>

Total Liabilities and Net Assets **\$ 1,897,102**

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 237,049	\$	\$ 237,049
Tuition and fees	64,284		64,284
Individual contributions	142,346	265,000	407,346
Business and industry contributions	145,953		145,953
Foundation grants	77,675		77,675
Government grants / contracts:			
City of Shreveport	63,500	61,500	125,000
Other governments	50,000		50,000
State of Louisiana	144,070	373,741	517,811
Special events -			
Christmas in the Sky	1,145,634		1,145,634
Investment income	(94,837)		(94,837)
Miscellaneous income	6,036		6,036
Net assets released from restrictions			
Satisfaction of program restrictions	906,358	(906,358)	
	<u>2,888,068</u>	<u>(206,117)</u>	<u>2,681,951</u>
Total revenues, gains, support and reclassifications			
Expenses:			
Supporting services -			
General and administrative	564,331		564,331
Special events fund raising - Christmas in the Sky	633,087		633,087
	<u>1,197,418</u>		<u>1,197,418</u>
Total supporting services			
Programs services			
Artbreak	231,020		231,020
Arts in Education	55,699		55,699
Artsmart	17,795		17,795
Artspace	603,448		603,448
Decentralized Arts Funding	404,155		404,155
Regrants, Panels and other programs	315,849		315,849
	<u>1,627,966</u>		<u>1,627,966</u>
Total programs services			
Other expenses			
Transfer to foundation endowment	104,405		104,405
	<u>2,929,789</u>		<u>2,929,789</u>
Total expenses			
Change in net assets	(41,721)	(206,117)	(247,838)
Net assets, beginning of year	1,355,018	637,258	1,992,276
Net assets, end of year	<u>\$ 1,313,297</u>	<u>\$ 431,141</u>	<u>\$ 1,744,438</u>

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

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Statement of Functional Expenses
 For the Year Ended June 30, 2009

	Support Services		Program Services							Total
	General and Administrative	Fund Raising - Christmas In the Sky	Artbreak	Arts in Education	Artsman	Artspace	Decentralized Arts Funding	Regrants, Panels and Other Programs	Program Services	
Admissions sales and concessions	\$ 34	\$ 24,060	\$ 15,019	\$	\$	\$ 107,626	\$	\$ 38,984	\$ 161,629	\$ 185,668
Awards			11,927						11,927	11,981
Bank charges	529	23,942			34	2,756	230	143	3,185	28,036
Depreciation expense	28,541									28,541
Dues and subscriptions	4,439					210			210	4,649
Employee benefits	63,846									63,846
Equipment and facility rentals	8,724	78,719	12,300			4,807			17,107	104,550
Event expenses	1,793	141,939	6,369						6,369	150,101
Grants to other agencies							320,668	218,500	539,168	539,168
Insurance expense	28,601					3,132			3,132	31,733
Investment expense	13,330									13,330
Miscellaneous expense	21,848	600	2,250	47		1,302			3,599	26,147
Payroll taxes	17,224	8,136	3,230	1,477	556	18,717	3,049	2,331	29,390	54,722
Postage and Freight	10,767	7,002	3,012	48		4,243	691		7,994	25,763
Professional artist fees	11,160	16,118	29,630	26,820	7,582	46,771		3,175	113,978	141,256
Professional services	29,553	82,991	51,110	3,185	25	43,696	26,575	14,481	139,072	251,616
Promotion and printing	22,134	41,217	20,585	55		49,995	1,228	549	72,412	136,763
Repair and maintenance	9,147	97				10,358		395	10,753	19,997
Salaries	236,170	111,209	43,400	19,312	7,262	244,668	39,860	30,468	364,970	732,349
Seminar fees	1,614					159			159	1,773
Supplies and fees	23,148	85,560	25,294	3,304	738	53,796	1,538	6,476	91,146	199,856
Taxes - other	1,927	332				271			271	2,530
Technical fees	5,324	5,330	1,732	56		878	105	18	2,789	13,443
Telephone	13,088	15	821			1,617			2,438	15,541
Travel										
Program			4,341	1,395	1,598	8,444	10,211	327	26,316	26,316
Staff and board	9,465	5,818								15,283
Utilities	1,425									1,425
	\$ 564,331	\$ 633,087	\$ 231,020	\$ 55,699	\$ 17,795	\$ 603,448	\$ 404,155	\$ 315,849	\$ 1,627,966	\$ 2,825,364

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

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Statement of Cash Flows
 For the Year Ended June 30, 2009

Operating Activities

Changes in net assets	\$ (247,838)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	28,541
Realized and unrealized gains and losses on investments	138,080
(Increase) decrease in operating assets:	
Grants receivable	417,360
Other receivables	28,932
Promises to give	135,202
Increase (decrease) in operating liabilities:	
Accounts payable	(10,847)
Grants payable	1,362
Accrued expenses	(12,413)
Net cash provided (used) by operating activities	478,379

Investing Activities

Sales and maturities of investments	593,174
Purchases of investments	(522,066)
Payments for property and equipment	(11,738)
Net cash used by investing activities	59,370

Net increase (decrease) in cash and cash equivalents	537,749
Cash and cash equivalents as of beginning of year	93,324
Cash and cash equivalents as of end of year	\$ 631,073

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

B. Basis of Accounting

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

C. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

D. Basis of Presentation

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

E. Cash and Cash Equivalents

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

F. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Investments

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

H. Property and Equipment

It is the policy of SRAC to capitalize all fixed assets with a unit cost of \$500 or more. Property, equipment, and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

I. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

J. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the year ended June 30, 2009, advertising costs totaled \$37,710 and are included in promotions on the Statements of Functional Expenses.

K. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contribution charged to expense for the year ended June 30, 2009 was \$4,157.

L. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period.

M. Expense Allocation

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

N. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 80 hours maximum per employee with 0-5 years experience; up to 96 hours for employees with 5-10 years experience; up to 120 hours for employees with 10-15 years experience; up to 144 hours for employees with 15-20 years experience; and up to 168 hours for employees with over 20 years experience. An accrued liability for vacation time of \$29,376 is included in accrued expenses at June 30, 2009.

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2009
 (Continued)

(2) Agreement for services

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

(3) Concentrations of Credit Risk

SRAC maintains cash balances at several financial institutions located in the Shreveport area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2009 total cash balances held at financial institutions was \$628,911. Of this amount, \$597,225 was secured by FDIC, and the remaining \$31,686 was unsecured.

Concentrations of credit risk with respect to promises to give are limited due to the large number of contributors comprising SRAC's contributor base and their dispersion across different industries. As of June 30, 2009, SRAC had no significant concentrations of credit risk in relation to promises to give.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2009, SRAC had no significant concentrations of credit risk in relation to grant receivables.

(4) Promises to Give

Unconditional promises to give at June 30, 2009 consist of amounts receivable in less than one year of \$102,438. Amounts shown are net of an allowance for doubtful accounts of \$32,000.

(5) Investments

SFAS No. 157, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. SRAC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, SRAC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to SRAC, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The fair value of money market funds; stocks-equities and fixed income securities were based on quoted market prices and considered measured using Level 1 inputs.

Investments as of June 30, 2009 consisted of the following:

	Fair Value	Cost
Money market	\$ 168,432	\$ 168,422
Fixed income	491,553	503,094
Equities	380,450	409,106
	\$ 1,040,435	\$ 1,080,622

For year ended June 30, 2009, interest and dividends were \$43,243, realized losses were \$95,390 and unrealized losses were \$42,690 for a total of \$94,837 investment loss.

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2009
 (Continued)

(6) Property and Equipment

Property and equipment at June 30, 2009, with estimated depreciable life, are summarized as follows:

Leasehold improvements	30 years	\$ 126,773
Furniture, fixtures, equipment	5 – 10 years	<u>148,962</u>
		275,735
Accumulated Depreciation		<u>(194,936)</u>
		<u>\$ 80,799</u>

Depreciation expense for the year ended June 30, 2009 was \$28,541.

(7) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

For subsequent year's activities – Artspace campaign	\$ 367,438
City of Shreveport contract	61,500
Decentralized Arts Funding (DAF)	<u>2,203</u>
	<u>\$ 431,141</u>

(8) Designated Net Assets

The Board of Directors designated cash and investments at June 30, 2009 totaling \$1,040,435 to insure that SRAC's resources will remain stable regardless of potential changes in public or private funding.

(9) Operating Leases

SRAC leases certain storage space and equipment under operating leases. Rental costs for these leases for the year ended June 30, 2009 were \$11,324. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2011	\$ 3,106
2012	<u>672</u>
Total minimum future rentals	<u>\$ 3,778</u>

(10) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2009:

Accrued leave payable	\$ 29,376
Accrued payroll	<u>2,124</u>
	<u>\$ 31,500</u>

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

(11) **Third Party Reimbursement**

During the year ended June 30, 2009, SRAC received contractual revenue from state, parish, and city grants in the amount of \$692,811. The continued existence of these funds is based on annual contract renewals with various funding sources.

(12) **Donated Materials, Facilities, and Services**

Various materials and services were donated to SRAC by various individuals and organizations. Donated materials and services for the year ended June 30, 2009 were \$27,781, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

(13) **Grants Payable**

Grants payable at June 30, 2009 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(14) **Endowment Account with Community Foundation of Shreveport-Bossier**

SRAC has entered into an agreement with the Community Foundation of Shreveport-Bossier (CFSB). The agreement establishes an Agency Endowment Fund at CFSB called "Arts Forever Fund" (Fund). All property of the Fund belongs to CFSB. The fund will be used for support of the charitable purposes of SRAC. Net income and capital appreciation of the Fund, as governed by CFSB's Spending Policy, will be paid and distributed to SRAC at least annually, for as long as SRAC is a Qualified Charitable Organization.

During the year ended June 30, 2009, SRAC transferred \$100,000 to the fund. The fair market value of the fund at June 30, 2009 was \$159,390.

(15) **Subsequent Event**

In August, 2009, SRAC suffered a complete loss of their central office due to fire. Property, equipment, and records were destroyed in the fire. The agency is continuing its operations and programs from a temporary location while plans are underway for a new permanent home.

Subsequent events have been evaluated through March 29, 2010, the date the financial statements were available to be issued.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

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MEMBER
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CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

We have audited the financial statements of Shreveport Regional Arts Council as of and for the year ended June 30, 2009, and have issued our report thereon dated March 29, 2010. 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 Shreveport Regional Arts Council'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 Shreveport Regional Arts Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness on the Shreveport Regional Arts Council'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 that might be significant deficiencies or material weakness. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 organizations' 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 organizations' financial statements that is more than inconsequential will not be prevented or detected by the organizations' internal control. We consider the deficiency described in the accompanying summary schedule of audit findings as 2009-1 to be a significant deficiency 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 financial statements will not be prevented or detected by the organizations' internal control.

Our consideration of 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 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 do not believe that the significant deficiency described above is a material weakness.

As noted in the independent auditor's report, many of the accounting records, as well as corroborating evidence in support of the financial statements, were destroyed in a fire, which also destroyed Shreveport Regional Arts Council's central office. The records that remained were not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the statements of activities, functional expenses and cash flows for the year ended June 30, 2009. As a result, we are unable to determine if there are additional significant deficiencies or material weaknesses which might also need to be reported for the year ended June 30, 2009.

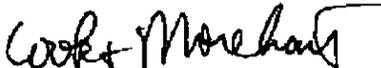
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Regional Arts Council's 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 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.

As noted in the independent auditor's report, many of the accounting records, as well as corroborating evidence in support of the financial statements, were destroyed in a fire, which also destroyed Shreveport Regional Arts Council's central office. The records that remained were not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the statements of activities, functional expenses and cash flows for the year ended June 30, 2009. As a result, we are unable to determine if there are instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Shreveport Regional Arts Council's response to the finding identified in our audit is described in the accompanying summary schedule of audit findings. We did not audit Shreveport Regional Arts Council's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
March 29, 2010

Shreveport Regional Arts Council
Shreveport, Louisiana
Summary Schedule of Audit Findings
As of and for the Years Ended June 30, 2009 and 2008

Summary Schedule of Prior Audit Findings

There was one significant deficiency for the prior year audit for the year ended June 30, 2008, as follows:

2008-1 SIGNIFICANT DEFICIENCY

Statement of Deficiency: During our audit, we noted that the accountant who maintains the agency's general ledger is also responsible for preparing deposit slips, recording deposits in general ledger, and taking deposits to the bank.

Recommendation: We recommend that adequate internal controls be established concerning separation of duties, including deposit slips being prepared by an employee independent of the general ledger function.

Current Status: See repeat significant deficiency in current year audit.

Corrective Action Plan for Current Year Audit Findings

There is one significant deficiency for the current year audit for the year ended June 30, 2009, as follows:

2009-1 SIGNIFICANT DEFICIENCY

Statement of Deficiency: During our audit, we noted the following with regards to the agency's receipt function:

- ◆ The accountant who maintains the agency's general ledger is also responsible for preparing deposit slips, recording deposits in general ledger, and taking deposits to the bank.
- ◆ Controls over receipts at an offsite location were inadequate. Cashiers were not closing out registers daily or depositing credit card receipts timely.

Recommendation: We recommend that adequate internal controls be established concerning separation of duties, including deposit slips being prepared by an employee independent of the general ledger function. We further recommend that additional controls be implemented with regards to offsite receipts, including closing out registers daily, remitting credit card receipts timely, and reconciling actual deposits to cash register reports on a continual basis.

Management response: Being a non-profit organization we are limited in personnel and resources; however, we are evaluating ways to improve the situation relative to this issue. We will seek another employee to assist in preparing deposit slips, which will then be reviewed by the accountant and taken to the bank by another employee, other than the accountant.

Controls over receipts at an offsite location were inadequate. Cashiers were not closing out registers daily or depositing credit card receipts timely.

Our organization has been working diligently over the past nine months to alleviate these inconsistencies. We have daily procedures and checklists in place to ensure that registers are correctly opened and closed daily and deposits are made timely and properly reported to the accountant. To further this process, we have also invested in a new Point of Sale system where daily transactions will be electronically submitted to our accountant. This new system is to be in place within the very near future.