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**LOUISIANA ALLIANCE FOR ARTS EDUCATION**

**BATON ROUGE, LOUISIANA**

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**FINANCIAL STATEMENTS  
REVIEWED  
JUNE 30, 2000**

*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 DEC 06 2000**

To the Board of Directors  
Louisiana Alliance for Arts Education  
Baton Rouge, Louisiana

We have reviewed the accompanying statement of financial position of Louisiana Alliance for Arts Education (a non-profit organization) as of June 30, 2000 and the related statements of activities and functional expenses and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Louisiana Alliance for Arts Education.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

*The Levy Company*

September 27, 2000

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Louisiana Alliance for Arts Education, the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about Louisiana Alliance for Arts Education's compliance with certain laws and regulations during the year ended June 30, 2000 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Federal, State, and Local Awards*

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

There were no federal or local grants. State grants were as follows:

State Grant Name	Grant Year	No.	Amount
La. Division of the Arts	6/30/00	00564	\$41,909
La. Division of the Arts	6/30/00	99564	36,416
La. Division of the Arts	6/30/00	006641	25,000
La. Division of the Arts	6/30/00	00212	16,533
La. Division of the Arts	6/30/00	00265	15,000
Total Expenditures			\$134,858

2. For each award, we randomly selected the lesser of all or 6 from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the disbursements supporting documentation as to proper amount and payee.

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

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

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

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

Inspection of documentation supporting each of the selected disbursements indicated approvals from the Executive Director. Although this is in accordance with Board policy, a weakness exists in that the person approving the documentation is also the lone signature on the checks. There are however other controls that mitigate this weakness.

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

**Activities allowed or unallowed:**

We reviewed the selected disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

**Eligibility**

There were no eligibility requirements related to the grants awarded during the fiscal year ended June 30, 2000.

**Reporting**

We reviewed the previously listed disbursements for reporting requirements. All disbursements selected were properly reported on final reports provided to the grantors.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, with the entity's financial records to determine whether the amounts agree.

All of the disbursements selected were related to programs that were closed out during the period of our compilation. We compared the close-out reports for all programs listed under item 1 with the entity's financial records. The amounts reported on the close-out reports agreed to the entity's financial records.

**Meetings**

8. We have examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

**Comprehensive Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

For all grants included in item 1, budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

**Prior Comments and Recommendations**

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.
1. Documentation to determine the allocation of expenses between Program, Management & General and Fund Raising activities was improved.
  2. The Executive Director kept a timesheet to facilitate the allocation between Program, Management & General and Fund Raising as it relates to her salary.

**Current Year Recommendations**

11. There are no current year recommendations.

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

This report is intended solely for the use of management and the Board of Louisiana Alliance for Arts Education, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

September 27, 2000

*The Levy Company*

**LOUISIANA COMPLIANCE QUESTIONNAIRE  
(For Audit Engagements of Quasi-Public Entities)**

September 20, 2000

The Levy Company  
1200 S. Acadian Thrwy Suite 210  
Baton Rouge, LA 70806

In connection with your review of our financial statements as of June 30, 2000 and for the period then ended, or the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with generally accepted accounting principles, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of September 20, 2000.

**PART I. AGENCY PROFILE**

1. Name and address of the organization.

*Louisiana Alliance for Arts Education  
7001 Florida Blvd., Baton Rouge, LA 70806*

2. List names, addresses, and telephone numbers of entity officials. [Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.]

*See attached.*

3. Period of time covered by this questionnaire:

*July 1, 1999 - June 30, 2000*

4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (LSA-RS) and, if applicable, local resolutions/ordinances.

*Confirmed.*

5. Briefly describe the public services provided: *Planning and development; workshops and conferences; advocacy materials and events; awards programs; news publications; information clearinghouse.*

6. Expiration date of current elected/appointed officials' terms.

*See attached.*

**Part II. Federal, State, and Local Awards**

7. We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No [ ]

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes [] No [ ]

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes  No [ ]

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes  No [ ]

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes  No [ ]

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes  No [ ]

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes  No [ ]

14. We have complied with all applicable compliance requirements of all federal programs we administer, to include matters contained in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and matters contained in the grant awards.

Yes  No [ ]

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes  No [ ]

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes  No [ ]

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes  No [ ]

### **Part III. Public Records**

18. We are familiar with the Public Records Act and have made available to the public those records as required by LSA-RS 44:33.

Yes  No [ ]

### **Part IV. Open Meetings**

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No [ ]

**Part V. Budget**

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [] No [ ]

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes [] No [ ]

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [] No [ ]

The previous responses have been made to the best of our belief and knowledge.

<u><i>Susan M. Dorned</i></u>	Secretary	<u>10/16/00</u>	Date
<u><i>Susan M. Dorned</i></u>	Treasurer	<u>10/16/00</u>	Date
<u><i>Fred L. Eagle</i></u>	President	<u>10/9/00</u>	Date

**LOUISIANA ALLIANCE FOR ARTS EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**(reviewed)**  
**JUNE 30, 2000**

**ASSETS:**

Cash and cash equivalents	\$ 36,794
Receivables from grantors	14,133
Property and equipment (at cost less accumulated depreciation of \$652)	<u>2,846</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>53,773</u></b>

**LIABILITIES:**

Payroll tax liabilities	\$ 1,177
Unearned Grant Revenue	<u>33,091</u>
<b>TOTAL LIABILITIES</b>	<b><u>34,268</u></b>

**NET ASSETS:**

Unrestricted	19,150
Temporarily restricted	<u>355</u>
<b>TOTAL NET ASSETS</b>	<b><u>19,505</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>53,773</u></b>

See Accompanying Notes and Accountants' Review Report

**LOUISIANA ALLIANCE FOR ARTS EDUCATION**  
**STATEMENT OF ACTIVITIES**  
(reviewed)  
**YEAR ENDED JUNE 30, 2000**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES:</b>			
<b>Support from the public:</b>			
DOA 00-564 Folklife	-	\$ 41,909	\$ 41,909
DOA 99-564 Folklife	-	36,416	36,416
DOA 00-6641 Summit	-	25,000	25,000
Kennedy Center-Gen Operations		20,000	20,000
DOA 00-212 Task Force	-	16,533	16,533
DOA 00-265 Gen Operations	-	15,000	15,000
	-	154,858	154,858
<b>Other revenue:</b>			
Program Service Revenue	-	31,022	31,022
Project Income	1,000	-	1,000
Membership dues	7,790	-	7,790
In-Kind Donation	3,600		3,600
Workshop income	-	3,000	3,000
Contributions	710	-	710
	13,100	34,022	47,122
<b>Net assets released from restrictions:</b>			
Satisfaction of program restrictions	188,880	(188,880)	-
Expiration of time restrictions	-	-	-
	188,880	(188,880)	-
<b>TOTAL REVENUES</b>	201,980	-	201,980
<b>EXPENSES:</b>			
Program	163,637	-	163,637
Management & General	18,035	-	18,035
Fund Raising	4,392	-	4,392
	186,064	-	186,064
<b>TOTAL EXPENSES</b>	186,064	-	186,064
 <b>CHANGE IN NET ASSETS</b>	 15,916	 -	 15,916
 <b>Net assets at beginning of year</b>	 3,234	 355	 3,589
	\$ 19,150	\$ 355	\$ 19,505
<b>Net assets at end of year</b>	\$ 19,150	\$ 355	\$ 19,505

See Accompanying Notes and Accountants' Review Report

**LOUISIANA ALLIANCE FOR ARTS EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**(reviewed)**  
**YEAR ENDED JUNE 30, 2000**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ 15,915
Adjustments to reconcile Net Income to net cash provided by operations:	
Depreciation	369
Grants Receivable	(6,346)
Other Receivable	716
Payroll Liabilities	526
Unearned Grant Revenue	<u>7,625</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 18,805

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of office equipment & furniture	<u>(2,366)</u>
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**NET CASH PROVIDED BY INVESTING ACTIVITIES** (2,366)

**NET CASH PROVIDED BY FINANCING ACTIVITIES**

-

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 16,439

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** 20,355

**CASH AND CASH EQUIVALENTS AT END OF PERIOD** \$ 36,794

See Accompanying Notes and Accountants' Review Report

**LOUISIANA ALLIANCE FOR ARTS EDUCATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
(reviewed)  
**YEAR ENDED JUNE 30, 2000**

	Arts Education Advocacy	Management and General	Fund Raising	Totals
Outside services	\$ 83,964	2,997	-	\$ 86,961
Salaries	23,186	8,750	3,064	35,000
Travel	14,907	-	-	14,907
Printing and copying	14,352	143	8	14,503
Supplies	14,203	676	36	14,915
Postage	4,954	619	619	6,192
Occupancy	2,340	900	360	3,600
Payroll taxes	1,773	671	233	2,677
Rental Facilities	1,848	-	-	1,848
Telephone	835	657	35	1,527
Rental Equipment	1,275	-	-	1,275
Conf/Dues/Sub	-	825	-	825
Insurance	-	433	-	433
Marketing	-	359	-	359
Awards	-	358	-	358
Volunteer support	-	250	-	250
Depreciation	-	332	37	369
Publications	-	40	-	40
Bank fees	-	25	-	25
	<u>\$ 163,637</u>	<u>\$ 18,035</u>	<u>\$ 4,392</u>	<u>\$ 186,064</u>

See Accompanying Notes and Accountants' Review Report

LOUISIANA ALLIANCE FOR ARTS EDUCATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2000

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Alliance for Arts Education (L.A.A.E.) is a non-profit, non-stock corporation organized to gather insight and formulate state policy on arts education and to raise the level of qualified teachers in the arts. The organization gathers information and provides workshops to raise standards for teachers and artists. L.A.A.E. is supported primarily through grants from the State of Louisiana, Office of Cultural Development and Division of the Arts.

Revenue Recognition

For financial statement purposes, L.A.A.E. recognizes revenues and records expenses on the accrual basis of accounting. Under this method, revenue is recorded when grant requirements are met and expenses are recorded when incurred.

Receivables from Grantors

Receivables from grantors represent amounts earned as a result of fulfilling requirements of a grant, but not yet received. Management considers all receivables from grantors to be fully collectible. In-kind contributions are immaterial and not recorded for financial statement purposes.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight line method over the estimated useful lives of the assets.

Contributed Services

During the year ended June 30, 2000, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

LOUISIANA ALLIANCE FOR ARTS EDUCATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2000

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In-kind Donations

In-kind donations including office space, utilities, and other occupancy related costs were provided to LAAE at no charge. Revenue has been reported at market value and a corresponding amount has been shown as occupancy expense on the Statement of Functional Expenses.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Statement of cash flows

For purposes of the statement of cash flows, L.A.A.E. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were not any cash equivalents as of June 30, 2000.

B. INCOME TAXES

L.A.A.E. is exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code and from state income tax under Section 121 (5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the composition of its public support, the organization qualifies for non-private foundation status under Section 509 (a) (2) of the Internal Revenue Code; therefore, the organization's tax-exempt status extends to its net investment income.

C. PROPERTY AND EQUIPMENT

Property and equipment of \$2,972 as of June 30, 2000 consists solely of office equipment of \$3,498 less accumulated depreciation of \$526.

D. TEMPORARILY RESTRICTED ASSETS

L.A.A.E. has funds specifically restricted for the purpose of providing fellowships for teacher training. As of June 30, 2000, \$355 has been restricted for this purpose.

LOUISIANA ALLIANCE FOR ARTS EDUCATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2000

E. CONCENTRATION OF RISK

L.A.A.E. receives nearly seventy-five percent of its income from two grantors. Approximately sixty-seven percent of its income is derived from the State of Louisiana - Division of Arts. Decreases in state funding for Arts programs would have a significant impact on the ability of L.A.A.E. to carry out its activities at current levels.

F. UNEARNED GRANT REVENUE

Unearned grant revenue represents grant funding that had been received during the fiscal year, but for which requirements under the grant have not yet been met. L.A.A.E. was awarded a grant from the Louisiana Division of Arts - Folklife - 00-564 for \$112,970. \$75,000 of the award was received by L.A.A.E. during the fiscal year ending June 30, 2000, but only \$41,909 of expenses were incurred. The difference represents the entire balance of unearned grant revenue at June 30, 2000.

La. Division of Arts- Folklife (00-564)	\$33,091
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G. PROPOSED ACQUISITION

L.A.A.E. is in the process of finalizing an agreement to acquire full ownership of Louisiana Institute for Education in the Arts (L.A.I.E.A.). All L.A.I.E.A. revenues will be identified and placed in a restricted fund to be used for the program's mission and goals. L.A.A.E. would assume all assets and liabilities of L.A.I.E.A. under the agreement. The organizations share many common goals and it is anticipated that program and administrative functions will benefit from the acquisition.