

CREOLE HERITAGE, INC.

Financial Statements

For the Year Ended June 30, 2002

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(A Corporation of Certified Public Accountants)

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ACCOUNTANT'S REPORT

To the Board of Directors
Creole Heritage, Inc.

We have compiled the accompanying statement of financial position of Creole Heritage, Inc. as of June 30, 2002, and the related statement of activities, 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.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
February 3, 2003

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CREOLE HERITAGE, INC.
Statement of Financial Position
June 30, 2002

ASSETS

CURRENT ASSETS	
Receivables	\$ 9,610
Total current assets	<u>9,610</u>
PROPERTY, PLANT, AND EQUIPMENT	
Buildings	1,099
Equipment	12,774
Furniture	<u>3,916</u>
	17,789
Less: accumulated depreciation	<u>1,663</u>
	<u>16,126</u>
Total assets	<u>\$ 25,736</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 12,457
Total current liabilities	<u>12,457</u>
NET ASSETS	
Net assets - unrestricted	<u>13,279</u>
Total liabilities and net assets	<u>\$ 25,736</u>

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.

Statement of Activities
Year Ended June 30, 2002

Support and Revenue	
Grants	\$ 91,415
In-kind	11,760
Miscellaneous	<u>680</u>
Total support and revenue	<u>103,855</u>
Expenses	
Program	23,711
General supporting	<u>66,865</u>
Total expenses	<u>90,576</u>
Change in net assets	13,279
Net assets as of beginning of year	<u>-</u>
Net assets as of end of year	<u>\$ 13,279</u>

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.

Statement of Cash Flows
Year Ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 13,279
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	1,663
Increase in receivables	(9,610)
Increase in payables	<u>12,457</u>
Net cash provided by operating activities	<u>17,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(17,789)</u>
Net cash used in investing activities	<u>(17,789)</u>
Net increase in cash	-
CASH, beginning of year	<u>-</u>
CASH, end of year	<u>\$ -</u>

See accompanying notes and accountant's report

CREOLE HERITAGE, INC.

Statement of Functional Expenses
Year Ended June 30, 2002

	Program Expenses	General and Administrative	Total
Functional expenses			
Salaries	\$ -	\$ 21,000	\$ 21,000
Payroll taxes	-	1,607	1,607
Total personnel	-	22,607	22,607
Ad Coordinator	1,395	-	1,395
Advertising	1,000	-	1,000
Bank service charges	-	129	129
Banners and signs	136	-	136
Contract labor	900	11,340	12,240
Contributions	-	100	100
Demos	8,211	-	8,211
Equipment rental	-	250	250
Field trip	250	-	250
Food	327	-	327
Helpers	200	-	200
Insurance	-	3,586	3,586
Landscaping	-	500	500
Licenses and permits	-	80	80
Marketing	-	70	70
Musician	1,200	-	1,200
Office expenses	-	4,500	4,500
Photo processing	119	-	119
Postage and freight	-	380	380
Printing and reproduction	-	7	7
Professional expenses	-	4,590	4,590
Rent	780	11,885	12,665
Repairs and maintenance	-	2,969	2,969
Supplies	7,931	-	7,931
Telephone	-	675	675
Training	-	300	300
Utilities	-	1,234	1,234
Workshops	1,262	-	1,262
Total expenses before depreciation	23,711	65,202	88,913
Depreciation	-	1,663	1,663
Total functional expenses	\$ 23,711	\$ 66,865	\$ 90,576

See accompanying notes and accountant's report.

CREOLE HERITAGE, INC.

Notes to Financial Statements
Year Ended June 30, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Creole Heritage, Inc. (Organization) was incorporated in Louisiana in May of 1995 for the purpose of preserving and promoting the heritage culture of African Americans, including Creoles, ensuring that traditions are kept alive and passed on from one generation to the next; and to reach out to disadvantaged families whose children lack opportunities and exposure to art, including fine art and folk-art, so that the love for the culture is encouraged and their talent nourished.

Basis of Accounting

The financial statements are presented using the accrual basis of accounting. That is, revenues and certain assets are recognized when earned rather than when received and expenses and certain liabilities are recognized when incurred rather than when paid out.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Plant Assets and Depreciation

Acquisitions of fixed assets are recorded at cost and are depreciated using the straight-line method. Proceeds from sales of such assets are unrestricted funds.

Donated assets are recorded at their fair market value at the date received if that value is over a certain threshold amount as determined by the Board.

Repairs and maintenance expenditures are charged to the Statement of Activities when incurred.

CREOLE HERITAGE, INC.

Notes to Financial Statements
Year Ended June 30, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Facility

Donated services have not been reflected in the accompanying financial statements since they do not meet the criteria for recognition under SFAS No. 116. Nevertheless, a substantial number of volunteers have donated significant amounts of their time devoted to the Organization's purpose and its fundraising efforts.

Donated use of the facility is recorded at fair market value and recognized as revenue in the accounting period when received.

Income Tax Status

Creole Heritage, Inc. is a not-for-profit organization and is in the process of obtaining exemption from federal income taxes under IRC Section 501(c)(3).

NOTE 2 DONATED USE OF FACILITY

The value of the facility used and the corresponding expenditure is included in the financial statements as follows:

Support and Revenue

In-kind	<u>\$ 11,760</u>
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Expenses

Rent	<u>\$ 11,760</u>
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SUPPLEMENTAL INFORMATION



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired, 1990
Paula D. Bilim, CPA, Deceased, 2002
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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Creole Heritage, Inc.

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Creole Heritage, Inc. (The Organization) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Creole Heritage, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2002, 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.

Accounting and Reporting

1. Randomly select six disbursements from each award administered during the year under examination and:

(a) trace payments to supporting documentation as to proper amount and payee; and

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

(b) determine if payments were properly coded to the correct fund and general ledger account.

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

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2. Compare close-out reports, when required, for the programs selected for testing in item (1) with the entity's financial records to determine whether the amounts agreed.

Examined final reports noting year-to-date amounts reported agreed with the entity's financial records.

Budgeting

3. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agencies were provided with a comprehensive budget of those grants that included the purpose and duration, and the state grants included specific goals and objectives and measures of performance.

Management provided us with a copy of the original budget and any amendments to the budget which were submitted to each applicable federal, state, or local grantor by Creole Heritage, Inc.

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

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

Dannall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
February 3, 2003

CREOLE HERITAGE, INC.

Summary of Current Year Findings and Management's Corrective
Action Plan for Current Year Findings
Year Ended December 31, 2002

02-1 Inadequate Segregation of Accounting Functions

Finding: Due to limited number of personnel, the Department did not have adequate segregation of duties within its accounting system.

Response: Based on the size of the department's operations and the cost/benefit of employing additional personnel it would not be feasible to obtain complete segregation of duties. Therefore, no response is deemed necessary.

02-2 Untimely Filing of Reporting Package

Finding: The reporting package was not filed timely with the Legislative Auditor.

Response: Due to unforeseen circumstances, the report was not filed timely for the current year, however, in the future, management will make sure report is filed timely.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

_____ (Date Transmitted)

DARNALL STILES & FREDERICK, CPAs
125 Rue Beauregard
P.O. Box 2517
Lafayette, LA 70502 (Auditors)

In connection with your compilation of our financial statements as of June 30, 2002 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

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 []

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

Yes No []

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

Yes No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No []

Open Meetings

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 []

Budget

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

Yes No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Yural Henry</u>	Secretary	<u>2/4/03</u>	Date
<u>Yural Henry</u>	Treasurer	<u>2/4/03</u>	Date
<u>Rebecca D. Henry</u>	President	<u>02-03-03</u>	Date