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JUNEBUG PRODUCTIONS, INC.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Years Ended June 30, 1997 and 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JAN 20 1999

GIBSON & GOLDSTEIN
CERTIFIED PUBLIC ACCOUNTANT'S (APAC)

METAIRIE, LOUISIANA

JUNEBUG PRODUCTIONS, INC.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Years Ended June 30, 1997 and 1996

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JUNEBUG PRODUCTIONS, INC.

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Gibson & Goldstein

CERTIFIED PUBLIC ACCOUNTANT'S, APAC

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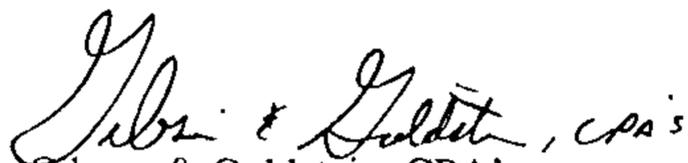
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Junebug Productions, Inc.

We have audited the accompanying statement of financial position of Junebug Productions, Inc. (a nonprofit organization) as of June 30, 1997 and 1996, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junebug Productions, Inc. as of June 30, 1997 and 1996, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.


Gibson & Goldstein, CPA's

Metairie, Louisiana

May 13, 1998

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF FINANCIAL POSITION
 Years Ended June 30, 1997 and 1996

ASSETS

	<u>1997</u>	<u>1996</u>
CURRENT ASSETS		
Cash and cash equivalents(note 2)	\$65,838	\$37,962
Accounts receivable(note 1)	47,684	14,540
Grants receivable	24,156	7,000
Prepaid expenses	1,230	634
Employee travel advances	<u>11,323</u>	<u>9,155</u>
Total current assets	<u>150,231</u>	<u>69,291</u>
FIXED ASSETS(note 1)		
Furniture, fixtures, & equipment	21,299	21,299
Less: accumulated depreciation	<u>13,531</u>	<u>9,375</u>
Total fixed assets - net	<u>7,768</u>	<u>11,924</u>
OTHER ASSETS		
Security deposits	<u>744</u>	<u>744</u>
Total other assets	<u>744</u>	<u>744</u>
TOTAL ASSETS	<u>158,743</u>	<u>81,959</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	18,753	8,184
Salaries payable	4,871	4,156
Payroll taxes payable	4,725	3,603
Deferred revenue(notes 1 and 3)	<u>75,000</u>	<u>-</u>
Total current liabilities	<u>103,349</u>	<u>15,943</u>
COMMITMENTS AND CONTINGENCIES(note 5)	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	103,349	15,943
INTERFUND BORROWINGS		
Due to cash reserve	16,200	52,000
Due from operating fund	<u>(16,200)</u>	<u>(52,000)</u>
Net interfund borrowings	-	-
NET ASSETS, as restated		
Unrestricted	41,336	55,159
Permanently restricted	<u>14,058</u>	<u>10,857</u>
Total net assets	55,394	66,016
TOTAL LIABILITIES AND NET ASSETS	\$ <u>158,743</u>	\$ <u>81,959</u>

The accompanying notes are an integral part of this statement.

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1997 and 1996

	1997	1996
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Individual contributions	\$ 3,750	\$ 6,293
Foundation contributions	25,000	172,000
Corporate contributions	-	1,000
Co-presenting subsidies	53,825	32,960
Revenues and grants from governmental agencies	169,005	65,900
Earned touring income	96,533	211,275
Earned fees	20,111	12,602
Misc. income	106	-
Interest and investment income	<u>334</u>	<u>2,102</u>
Total unrestricted support and revenue	368,664	504,132
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by performance	<u>-</u>	<u>1,350</u>
Total unrestricted support, revenue, and reclassifications	368,664	505,482
EXPENSES		
Production		
Production expenses	301,441	421,270
Support services		
General & administrative	<u>77,589</u>	<u>110,124</u>
Total production and support services	<u>379,030</u>	<u>531,394</u>
DECREASE IN UNRESTRICTED NET ASSETS	(10,366)	(25,912)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restrictions satisfied by performance	<u>-</u>	<u>(1,350)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	(1,350)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Investment earnings	3,201	566
Service charges	<u>-</u>	<u>(105)</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	3,201	461
INCREASE(DECREASE) IN NET ASSETS	(7,165)	(26,801)
NET ASSETS AT BEGINNING OF YEAR, as restated	<u>62,559</u>	<u>92,817</u>
NET ASSETS AT END OF YEAR	<u>\$ 55,394</u>	<u>\$ 66,016</u>

The accompanying notes are an integral part of this statement.

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 1997
 With Comparative Totals for the Year Ended June 30, 1996

	<u>PRODUCTION</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL 1997</u>	<u>TOTAL 1996</u>
Salaries	\$127,428	\$ 34,303	\$161,731	\$213,267
Employee benefits	8,743	499	9,242	13,568
Payroll taxes	<u>11,291</u>	<u>3,959</u>	<u>15,250</u>	<u>19,529</u>
Total salaries and benefits	<u>147,462</u>	<u>38,761</u>	<u>186,223</u>	<u>246,364</u>
Contract labor	-	-	-	250
Casual labor	60	-	60	100
Artists fees	71,732	-	71,732	82,865
Professional fees	6,226	7,202	13,428	12,201
Travel	38,168	3,470	41,638	100,154
Sets/props/costumes	867	-	867	89
Booking fees	19,930	-	19,930	42,004
Rent	-	9,714	9,714	8,296
Utilities	1,712	2,406	4,118	6,635
Insurance	50	2,860	2,910	6,397
Printing	4,729	733	5,462	4,392
Postage	793	929	1,722	4,432
Office supplies	76	1,230	1,306	2,918
Equipment rental	2,203	100	2,303	310
Eqpt. repair and maintenance	-	635	635	838
Performance/rehearsal space rent	2,222	-	2,222	3,176
Miscellaneous	<u>5,211</u>	<u>5,393</u>	<u>10,604</u>	<u>6,167</u>
Total expenses before depreciation	<u>153,979</u>	<u>34,672</u>	<u>188,651</u>	<u>281,224</u>
Depreciation	<u>-</u>	<u>4,156</u>	<u>4,156</u>	<u>3,806</u>
Total expenses	<u>\$301,441</u>	<u>\$ 77,589</u>	<u>\$379,030</u>	<u>\$531,394</u>

The accompanying notes are an integral part of this statement.

JUNEBUG PRODUCTIONS, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1997

	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (7,165)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	4,156
(Increase) decrease in operating assets	
Accounts receivable	(33,144)
Grants receivable	(17,156)
Prepaid expenses	(596)
Employee travel advances	(2,168)
Increase (decrease) in operating liabilities	
Accounts payable	10,569
Salaries payable	715
Payroll taxes payable	1,122
Deferred revenue	<u>75,000</u>
NET CASH USED BY OPERATING ACTIVITIES	31,333
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for property and equipment	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Prior period adjustment	(3,457)
Due to cash reserve fund	35,800
Due from operating fund	<u>(35,800)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(3,457)</u>
NET DECREASE IN CASH	27,876
BEGINNING CASH	<u>37,962</u>
ENDING CASH	<u>\$ 65,838</u>

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1997

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

ORGANIZATION

Founded in 1980, New Orleans based Junebug Productions, Inc. has become a leader in the fast growing community based arts movement. Its mission is to create, present, and support the development of high-quality artistic work that supports and encourages African-Americans in the Black Belt South who are working to improve the quality of life available to themselves, and others throughout the world, who are similarly oppressed.

BASIS OF ACCOUNTING

Junebug Productions, Inc. prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF PRESENTATION

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

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 the reported revenues and expenses.

ACCOUNTS RECEIVABLE

All receivables at June 30, 1997 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 1997

FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment is stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the Modified Accelerated Cost Recovery System(MACRS) over the estimated useful lives of the related assets. The useful lives ranges from 5 to 7 years. This income tax method is not materially different from methods under generally accepted accounting principles.

TOTAL COLUMNS

Total columns have been provided on certain statements to facilitate financial analysis. Data in these columns does not present financial position and results of operations in conformity with generally accepted accounting principles.

DEFERRED REVENUE

Deferred revenue in the unrestricted fund results from current year contributions and grants made to support the following years' activities. Deferred revenue in the restricted funds results from contributions, grants and other income which have been restricted by the donor for a specific purpose. Revenue in the restricted funds is recognized only to the extent that related expenses have been incurred.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash equivalents consist primarily of investments in asset management funds. These funds primarily invest in low-risk bond securities. Securities are stated at cost.

Original cost market values and market values at June 30, 1997 are summarized as follows:

	Cost or <u>Donated Value</u>	<u>Market Value</u>
Financial Assets		
Cash and cash equivalents	<u>\$ 40,902</u>	<u>\$ 41,999</u>

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 1997

NOTE 3. CHANGES IN DEFERRED REVENUE

A summary of deferred revenue follows:

	<u>Unrestricted</u> <u>Use Funds</u>	<u>Restricted</u> <u>Use Funds</u>
Balances at July 1, 1996	\$ -	\$ -
Contributions and grants	75,000	-
Revenue recognized in current year	<u>-</u>	<u>-</u>
Balances at June 30, 1997	<u>\$ 75,000</u>	<u>\$ -</u>

NOTE 4. INCOME TAXES

The Association is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, accordingly, income taxes are not presented in these financial statements.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Grants and contributions require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gift.

Junebug Production, Inc. has participated in a Federally assisted grant program with the National Endowment for the Arts. This program is subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

JUNEBUG PRODUCTIONS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 1997

NOTE 6. RESTRICTIONS ON NET ASSETS

	<u>1997</u>	<u>1996</u>
GNOF Endowment Fund	<u>14,058</u>	<u>10,857</u>
Total temporarily restricted net assets	<u>\$ 14,058</u>	<u>\$ 10,857</u>

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Junebug Productions, Inc.

Our report on our audit of the basic financial statements of Junebug Productions, Inc. as of and for the years ended June 30, 1997 and 1996 is presented on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statements on pages 11 through 12 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Gibson & Goldstein, CPA's
Metairie, Louisiana
May 13, 1998

JUNEBUG PRODUCTIONS, INC.

COMPARATIVE STATEMENT OF CHANGE IN
NET UNRESTRICTED ASSETS

For the Year Ended June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996
and Budget for Year Ended June 30, 1997

	1997		OVER (UNDER) BUDGET	TOTAL ACTUAL 1996
	ACTUAL	BUDGETED		
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE				
Individual contributions	\$ 3,750	\$ 5,000	\$ (1,250)	\$ 6,293
Foundation contributions	25,000	30,000	(5,000)	172,000
Corporate contributions	-	-	-	1,000
Co-Presenting subsidies	53,825	45,500	8,325	32,960
Revenues and grants from governmental agencies	169,005	161,000	8,005	65,900
Earned touring income	96,533	92,708	3,825	211,275
Earned fees	20,110	7,000	13,110	12,602
Misc. income	107	-	107	-
Interest income	<u>3,535</u>	<u>-</u>	<u>3,535</u>	<u>2,102</u>
Total Unrestricted Support and Revenue	371,865	341,208	30,657	504,132
NET ASSETS RELEASED FROM RESTRICTIONS				
Restrictions satisfied by performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
Total Unrestricted Support, Revenue, and Reclassifications	371,865	341,208	30,657	505,482
EXPENSES				
Production				
Production expenses	301,441	289,819	11,622	421,270
Support services				
General & administrative	<u>77,589</u>	<u>51,216</u>	<u>26,373</u>	<u>110,124</u>
Total production and Support services	<u>379,030</u>	<u>341,035</u>	<u>37,995</u>	<u>531,394</u>
INCREASE(DECREASE) IN UNRESTRICTED NET ASSETS	<u>(7,165)</u>	<u>173</u>	<u>(7,338)</u>	<u>(25,912)</u>

JUNEBUG PRODUCTIONS, INC.

COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 1997
 and Budget for Year Ended June 30, 1997

	TOTAL <u>1997</u>	<u>BUDGETED</u>	OVER (UNDER) <u>BUDGET</u>
Salaries	\$ 161,731	\$ 157,297	\$ 4,434
Employee benefits	9,242	9,001	241
Payroll taxes	<u>15,250</u>	<u>12,935</u>	<u>2,315</u>
Total salaries and benefits	<u>186,223</u>	<u>179,233</u>	<u>6,990</u>
Casual labor	60	-	60
Artists fees	71,732	68,170	3,562
Professional fees	13,428	3,000	10,428
Travel	41,638	27,500	14,138
Sets/props/costumes	867	-	867
Booking fees	19,930	25,042	(5,112)
Rent	9,714	8,200	1,514
Utilities	4,118	2,750	1,368
Insurance	2,910	3,000	(90)
Printing	5,462	6,950	(1,488)
Postage	1,722	1,790	(68)
Office supplies	1,306	1,000	306
Equipment rental	2,303	4,100	(1,797)
Eqpt. repair and maintenance	635	-	635
Performance/rehearsal space rent	2,222	2,000	222
Miscellaneous	<u>10,604</u>	<u>12,400</u>	<u>(1,796)</u>
Total expenses before depreciation	188,651	165,902	22,749
Depreciation	<u>4,156</u>	<u>-</u>	<u>4,156</u>
Total Expenses	\$ <u><u>379,030</u></u>	\$ <u><u>345,135</u></u>	\$ <u><u>33,895</u></u>