

RECEIVED
04 DEC 21 AM 11:11**NEW ORLEANS BALLET ASSOCIATION****Financial Statements****June 30, 2004 and 2003****(With Independent Auditors' Report Thereon)**

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 1-19-05

MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
NEW ORLEANS, LOUISIANA

NEW ORLEANS BALLET ASSOCIATION

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MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
"Small Business Specialist"

Independent Auditor's Report

To the Board of Directors
New Orleans Ballet Association

I have audited the accompanying statements of financial position of the New Orleans Ballet Association (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the year's then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion of these financial statements based on my audit.

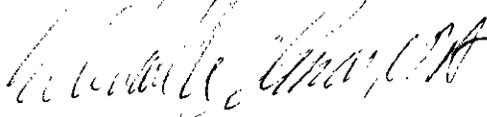
I conducted this audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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. I believe this audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Ballet Association as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the year's then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated October 26, 2004, on my consideration of New Orleans Ballet Association's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the New Orleans Ballet Association taken as a whole. The accompanying schedule of expenditures of awards on page 9-10 is presented for purposes of additional analysis as required by the U.S. Office of management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit on the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New Orleans, LA
October 26, 2004



EIN 72-1188147

NEW ORLEANS BALLET ASSOCIATION
Statements of Financial Position
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash	\$ 516,695.	585,284.
Investments-currently available (note 2)	53,947.	53,587.
Accounts and grants receivable	29,156.	18,968.
Prepaid expenses	13,639.	1,650.
Assets held for permanently restricted net assets:		
Funds held in trust by others (note 3)	119,030.	103,939.
Fixed assets, net (note 4)	<u>661.</u>	<u>1,786.</u>
Totals	\$ <u>733,128.</u>	<u>765,214.</u>
 <u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 37,884.	43,010.
Deferred revenues	<u>154,159.</u>	<u>209,130.</u>
Total liabilities	<u>192,043.</u>	<u>252,140.</u>
 <u>Net assets</u>		
Unrestricted	385,929.	373,009.
Temporarily restricted	40,499.	36,126.
Permanently restricted	<u>114,657.</u>	<u>103,939.</u>
Total net assets	<u>541,085.</u>	<u>513,074.</u>
Totals	\$ <u>733,128.</u>	<u>765,214.</u>

See accompanying notes to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Activities
For the years ended June 30, 2004 and 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
Revenues, Gains & Other Support:				
Contributions	\$ 316,043.	0.	0.	316,043.
Government grants	166,729.	0.	0.	166,729.
Performances	314,026.	0.	0.	314,026.
Special events-Bravo	199,507.	0.	0.	199,507.
Interest and dividends	2,791.	0.	0.	2,791.
Miscellaneous	8,012.	0.	0.	8,012.
Net assets added to restrictions	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
Total revenues, gains & other support	<u>1,007,108.</u>	<u>0.</u>	<u>0.</u>	<u>1,007,108.</u>
Expenses:				
Programming	474,953.	0.	0.	474,953.
Special events-Bravo	122,002.	0.	0.	122,002.
Selling, general & administrative	397,233.	0.	0.	397,233.
Total operating expenses	<u>994,188.</u>	<u>0.</u>	<u>0.</u>	<u>994,188.</u>
Increase in net assets from operations	<u>12,920.</u>	<u>0.</u>	<u>0.</u>	<u>12,920.</u>
Other changes:				
Endowment earnings (loss) not in current operations	<u>0.</u>	<u>4,373.</u>	<u>10,719.</u>	<u>(1,213.)</u>
Increase (decrease) in net assets	<u>12,919.</u>	<u>4,373.</u>	<u>10,718.</u>	<u>28,012.</u>
Net Assets - beginning of year	<u>373,009.</u>	<u>36,126.</u>	<u>103,939.</u>	<u>496,866.</u>
Net Assets - end of year	<u>\$ 385,929.</u>	<u>40,499.</u>	<u>114,657.</u>	<u>513,074.</u>

See accompanying notes to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Cash Flows
For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase in net assets from operations	\$ 28,012.	16,208.
Adjustment to reconcile (decrease) increase from operations to net cash (used) provided by operating activities:		
Depreciation	1,126.	5,537.
Changes in:		
Accounts and grants receivable	(10,188.)	21,622.
Prepaid expenses	(11,989.)	6,467.
Accounts payable and accrued expenses	(5,126.)	26,435.
Deferred performance revenues	(54,973.)	(15,208.)
Net cash (used) provided in operating activities	<u>(53,138.)</u>	<u>61,061.</u>
 Cash flows from investing activities:		
(Earnings) Loss from funds held in trust by others	(15,091.)	1,213.
Acquisition of fixed assets	<u>0.</u>	<u>0.</u>
Net cash (provided) used by investing activities	<u>(15,091.)</u>	<u>1,213.</u>
 Net (decrease) increase in cash	 (68,229.)	 62,274.
 Cash or cash equivalents - beginning of year	 <u>638,871.</u>	 <u>576,597.</u>
 Cash or cash equivalents - end of year	 \$ <u>570,642.</u>	 <u>638,871.</u>

See accompanying notes to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2004

Note 1 -Description of the Organization and Summary of Significant Accounting Policies

(a) Organization

The New Orleans Ballet Association (the Association) is a not-for-profit organization chartered on August 14, 1969 with a name change becoming effective October 18, 1991. It engages principally in the promotion of dance through live performances and also the encouragement and development of an appreciation of dance.

Unrestricted Funds include funds received from subscription revenues, contributions and grants from both individuals, corporate and government entities which impose no restrictions on the Association as to their use or purpose. Such funds are expended for charitable purposes and the promotion of dance as deemed appropriate by the Board of Directors of the Association. Some Unrestricted Funds are designated by the board for specific purposes.

Temporarily Restricted Funds include funds that are donor designated gifts and grants, whereby the donor at the time of the gift may specifically identify the type of charitable or dance activity to be benefitted and provide guidelines for the timing of distribution. These type of funds are handled by the Association as a service to donors and beneficiaries. In addition, the unexpended income derivable from permanently restricted funds is recorded in those funds.

Permanently Restricted Funds includes an endowment which provided that the principal assets of its trust fund are to be maintained inviolate and in perpetuity.

(b) Summary of Significant Accounting Policies

New Donations

New donations are accrued when all the events required for the transfer of the assets from the donor to the Association have occurred.

Promises To Give

Contributions or grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions or grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the year in which the contributions are 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.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2004

Note 1 -Description of the Organization and Summary of Significant Accounting Policies (continued)

(b) Summary of Significant Accounting Policies

Investments

The Association records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

Dividend and interest income from investments is accrued as the income is earned.

Use of Estimates

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 could differ from those estimates.

(c) Income Tax Status

The Association is exempt from federal income taxes under section 501 (c)(3) of the U.S. Internal Revenue Code. Gifts to the Association are tax deductible.

Note 2 - Investments

Investments in currently available accounts are shown at market values. These investments are in mostly government securities located in fixed income money-market type funds. The market values and cost of these investments are:

		<u>June 30, 2004</u>		<u>June 30, 2003</u>	
		Market	Cost or	Market	Cost or
		<u>Value</u>	<u>Assigned</u>	<u>Value</u>	<u>Assigned</u>
		<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Fixed income funds	\$	<u>53,947.</u>	<u>31,033.</u>	<u>53,587.</u>	<u>30,673.</u>

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2004

Note 3 - Funds Held in Trust by Others

The Association has an endowment fund held by The Greater New Orleans Foundation which is the trustee. This fund originated from a grant by the Arts Council of New Orleans under its Partnership Endowment Grant Program through the National Endowment for the Arts. Under the terms of this endowment fund, the Association in a prior year contributed \$22,500 in order to receive the accumulated balance in the fund since 1987 (the date of the grant). The Association is allowed to withdraw only 4-5% annually of the endowment fund's average balance over the last twelve quarters which for the year's ended June 30, 2004 and 2003 amounted to \$4,373 and \$5,725, respectively. The Association withdrew all of these available funds, and therefore, it does not have any available funds as of June 30, 2004. This endowment continues for as long as the Association is in legal existence.

		<u>2004</u>	<u>2003</u>
Market value	\$	119,030.	103,939

Note 4 - Fixed Assets

Fixed assets at June 30, are summarized as follows:

		<u>2004</u>	<u>2003</u>
Ballet equipment	\$	21,648.	21,648.
Office furniture and equipment		96,803.	96,803.
		118,451.	118,451.
Less accumulated depreciation		(117,790.)	(116,665.)
Fixed assets, net	\$	661.	1,786.

Depreciation charged to management and general expenses for the year's ended June 30, 2004 and 2003 was \$1,125 and \$5,537, respectively. Fixed assets are recorded at cost. Depreciation is provided on the straight-line basis method. Computer and office equipment are depreciated over a five-year period.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2004

Note 5 - Building Lease and Other Rentals

The Association's office space was being provided as a donation by the New Orleans Charities Building Corp. over a five year period which ended May 31, 2004. Based on comparable market rents for similar office space the Association has recorded a contributed rent expense for the eleven months ended May 31, 2004 of \$38,500. The Association also has various short-term lease agreements for equipment used in the performances and lease of its performance facilities on an as needed basis only. Total rental expense for the years ended June 30, 2004 and 2003 was approximately \$68,076 and \$86,580, respectively, and includes rental of office and rehearsal space, performance facilities and equipment. Effective July 1, 2004, the Association signed a new five year office lease for new space. It has a rate of \$1,333 per month for the first 3 years and then it increases to \$1,417 per month for the remaining 2 years.

SUPPLEMENTAL INFORMATION

NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
June 30, 2004

<u>Government Agency and Grant Number</u>	<u>Program Supported</u>	<u>Period of Grant</u>	<u>Amount Granted</u>
1. National Endowment #04-3300-5007	Creative Dance	Jan 2004- Dec 2004	\$ 15,000.
2. National Endowment of the Arts #01-7700-3020	Creative Comm- unities	Apr. 1, 2001- Jul. 31, 2004	\$ 61,600.
3. Southern Arts Federation #1939	Miami City Ballet	May 4, 2004- May 15, 2004	\$ 4,365.(c)
4. Louisiana Office of Cultural Development, Division of the Arts # F/Y 04-331	General Operating Fund	Jul. 1, 2003- Jun. 30, 2004	\$ 62,164.(a)
5. Louisiana Office of Cultural Development, Division of the Arts # F/Y 04-276	Creative Comm- unities	Jul. 1, 2003- Jun. 30, 2004	\$ 7,310.(b)
6. Louisiana Endowment for the Humanities	Miami City Ballet	May 4, 2004- May 15, 2004	\$ 2,000.(d)
7. Arts Council of New Orleans #FY2003-063	General Operating Fund	Jan. 1, 2004- Dec. 31, 2004	\$ <u>14,290.</u>
Total Government Grants			\$ <u>166,729.</u>

(Continued)

NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
(Continued)
June 30, 2004

Notes to Schedule:

- a. **This represents the total of the Louisiana DOA grant of which \$15,541 is in receivables at 6/30/04.**
- b. **This represents the total of the Louisiana DOA grant of which \$1,827 is in receivables at 6/30/2004.**
- c. **This represents the total of the Southern Arts Federation grant which is all in receivables at 6/30/2004.**
- d. **This represents the total of the Louisiana Endowment for the Humanities grant of which \$600 is in receivables at 6/30/2004.**
- e. **All of the above grants (except as noted above) have been fully received and if allocated for a specific program those programs have all been performed and proper supporting documents have been filed with those respective agencies. In addition, all of the above listed grants were in cash and there was not any non-cash governmental assistance.**
- f. **Since the Association received less than \$300,000 in Federal grants for the year it is exempt from Federal audit requirements under OMB's Circular No. A-133 "Audit of States, Local Governments and Non-Profit Organizations" (revised June 24, 1997) although the Association records are available for review or audit by any appropriate Federal, City or State agencies. These financial statements and schedule conform to that OMB circular's requirements.**

MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
"Small Business Specialist"

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards**

**To the Board of Directors
New Orleans Ballet Association**

I have audited the statements of financial position of the New Orleans Ballet Association as of and for the year's ended June 30, 2004 and 2003, and have issued my report thereon dated October 26, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether New Orleans Ballet Association's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered New Orleans Ballet Association's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards
(Continued)**

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "John J. [unclear] CPA". The signature is written in a cursive style.

**New Orleans, LA
October 26, 2004**