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NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2005 AND 2004

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 11/2/05

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 2005 AND 2004

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the accompanying statements of financial position of Northeast Louisiana Arts Council (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 Northeast Louisiana Arts Council as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended 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 September 20, 2005, on our consideration of Northeast Louisiana Arts Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
October 17, 2005

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash & Cash Equivalents (Notes 1 & 2)	144,901	149,546
Furniture and Equipment, net (Notes 1 & 3)	<u>2,489</u>	<u>5,218</u>
<u>TOTAL ASSETS</u>	<u>147,390</u>	<u>154,764</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	0	2,467
Accrued Payroll Taxes	2,154	2,677
DAFP Grants & Expenses Payable	<u>57,517</u>	<u>60,097</u>
<u>TOTAL CURRENT LIABILITIES</u>	59,671	65,241
<u>Net Assets</u>		
Unrestricted:		
Operating	85,230	84,305
Fixed Assets	<u>2,489</u>	<u>5,218</u>
<u>TOTAL NET ASSETS</u>	<u>87,719</u>	<u>89,523</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>147,390</u>	<u>154,764</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>PUBLIC SUPPORT AND REVENUES</u>		
Memberships	13,325	16,885
Interest Income	580	1,530
Contracted Service Revenues	22,063	7,038
Dedicated Revenues	0	9,971
Anthony Kearns Concert	46,112	0
Corporate Support	9,800	13,889
Foundation Support	8,419	5,500
Fundraisers	21,721	22,392
Other Income	11,953	7,837
Grant and Regrant-City of Monroe	35,000	35,000
DOA Support	48,372	57,538
Decentralized Grant - CDC Contract	25,000	25,000
Decentralized Grant-Administrative Allowance	15,147	15,147
Decentralized Grant - Parish Re grants	136,319	136,319
In-Kind Income - City of West Monroe	<u>20,000</u>	<u>20,000</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	413,811	374,046

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>EXPENSES</u>		
Administrative Salaries	82,350	82,350
Outside Professional Services - Artistic	27,285	26,413
Other Professional Services	3,682	3,449
Rent, Utilities and Telephone	22,496	23,038
Staff and Artistic Travel	5,693	4,870
Marketing Promo and Printing	9,557	9,516
Office Supplies & Discretionary	4,895	1,407
Telephone	2,668	2,249
Travel and Lodging	6,762	6,796
Meeting Expense	1,973	1,600
Outside Professional Services - Other	2,006	1,297
Marketing and Printing	1,897	2,350
Developing	788	700
Equipment Rental	800	962
Insurance	1,490	2,270
Miscellaneous Equipment and Software	291	3,458
Payroll Taxes and Benefits	17,867	12,252
General Postage	1,335	2,119
Other Supplies	948	730
Development and Fundraising	5,480	2,901
Decentralized Parish Re grants	136,319	136,319
Re grants and Scholarships	37,390	40,890
Anthony Kearns Concert	38,914	0
Depreciation	<u>2,729</u>	<u>3,352</u>
<u>TOTAL EXPENSE</u>	<u>415,615</u>	<u>371,288</u>
<u>CHANGE IN NET ASSETS</u>	(1,804)	2,758
<u>NET ASSETS</u> , Beginning of Year	<u>89,523</u>	<u>86,765</u>
<u>NET ASSETS</u> , End of Year	<u>87,719</u>	<u>89,523</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	(1,804)	2,758
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,729	3,352
Increase (Decrease) In:		
Accounts Payable	(2,467)	2,467
Accrued Payroll Taxes	(523)	(650)
DAFP Grants & Expenses Payable	(2,580)	(5,726)
<u>NET CASH PROVIDED BY (USED IN) ACTIVITIES</u>	(4,645)	2,201
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(4,645)	2,201
<u>BEGINNING CASH & CASH EQUIVALENTS</u>	<u>149,546</u>	<u>147,345</u>
<u>ENDING CASH & CASH EQUIVALENTS</u>	<u>144,901</u>	<u>149,546</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Northeast Louisiana Arts Council (the Council) is a nonprofit corporation based in West Monroe, Louisiana. The Council serves the citizens of Northeast Louisiana by providing funding and services to support and foster an environment in which the arts can thrive. The Council's support comes primarily from memberships, donor's contributions, and various government and arts agency grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Council has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Council 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. In addition, the Council is required to present a statement of cash flows. As permitted by the statement, the Council has discontinued its use of fund accounting.

Contributions

The Council has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Public Support and Revenue

Contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Council is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation. Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

The Council prepares an annual budget which is approved by the Board of Directors.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following bank accounts at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Hibernia	388	388
Iberia	24,529	30,645
Iberia - CD	26,811	26,543
Bancorp South - CD	5,199	5,144
Bancorp South - CD	16,764	16,342
Iberia - Decentralized	55,868	63,842
Cross Keys Checking	<u>15,342</u>	<u>6,642</u>
<u>TOTAL</u>	<u>144,901</u>	<u>149,546</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>2005</u>	<u>2004</u>
Furniture and Equipment	40,258	40,258
Less: Accumulated Depreciation	<u>37,769</u>	<u>35,040</u>
<u>NET FURNITURE AND EQUIPMENT</u>	<u>2,489</u>	<u>5,218</u>

Depreciation expense for the years ended June 30, 2005 and 2004 totaled \$2,729 and \$3,352, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 2005 and 2004.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 5 - DONATED SERVICES AND FACILITIES

The Council receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Council occupies without charge certain premises located in a government owned building by local government. The estimated fair rental value of the premises is reported as support and expense in the period in which the premises are used.

NOTE 6 - RETIREMENT BENEFITS

The Council pays 6% of employee's gross salary into a 403B retirement plan. Total retirement benefits were \$4,941 and \$4,941 for 2005 and 2004, respectively.

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**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
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the financial statements of Northeast Louisiana Arts Council (a nonprofit organization) as of and for the years ended June 30, 2005 and 2004, and have issued our report dated September 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northeast Louisiana Arts Council's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Northeast Louisiana Arts Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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*. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management of the Northeast Louisiana Arts Council, federal and state awarding agencies and the Legislative Auditor of Louisiana. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
October 17, 2005

NORTHEAST LOUISIANA ARTS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no Federal Awards.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE