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CONTEMPORARY ARTS CENTER

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006 and 2005

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 1-17-07

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Contemporary Arts Center

We have audited the accompanying statements of financial position of the Contemporary Arts Center (the "Center") – a Louisiana not-for-profit corporation as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 the Center as of June 30, 2006 and 2005, 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.

As discussed in Note 2 to the financial statements, certain errors resulting in overstatement of previously reported permanently restricted net assets and corresponding understatement of temporarily restricted net assets as of June 30, 2005 were discovered by management of the Center during the year ended June 30, 2006. Accordingly, an adjustment was made to these fund balances as of July 1, 2005 to correct the respective net assets. These adjustments had no impact on total net assets.

In accordance with Government Auditing Standards, we have also issued a report dated November 2, 2006 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and grants.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The Supplemental Schedule of Departmental Activity on pages 14 and 15 is 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.

Legier & Materné, cpac

November 2, 2006

CONTEMPORARY ARTS CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 286,828	\$ 330,825	\$ 16,915	\$ 634,568
Pledges and grants receivable	44,608	-	477,000	521,608
Total current assets	331,436	330,825	493,915	1,156,176
Fixed assets, net of accumulated depreciation	90,697	8,196,033	-	8,286,730
Art collection	140,626	-	-	140,626
Investments	-	-	1,152,564	1,152,564
Long-term pledges receivable, net	-	-	787,167	787,167
Other assets	7,252	-	-	7,252
Total assets	<u>\$ 570,011</u>	<u>\$ 8,526,858</u>	<u>\$ 2,433,646</u>	<u>\$ 11,530,515</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 318,213	\$ -	\$ -	\$ 318,213
Notes payable, current portion	86,243	100,000	-	186,243
Insured loss payable	279,959	-	-	279,959
Total current liabilities	684,415	100,000	-	784,415
Notes payable, less current portion	-	100,496	-	100,496
NET ASSETS	(114,404)	8,326,362	2,433,646	10,645,604
Total liabilities and net assets	<u>\$ 570,011</u>	<u>\$ 8,526,858</u>	<u>\$ 2,433,646</u>	<u>\$ 11,530,515</u>

The accompanying notes are an integral part of these financial statements.

CONTEMPORARY ARTS CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,134	\$ 136,800	\$ 172,392	\$ 317,326
Pledges and grants receivable	103,839	150,000	279,000	532,839
Due from other funds	-	-	52,818	52,818
Total current assets	111,973	286,800	504,210	902,983
Fixed assets, net of accumulated depreciation	118,530	8,431,982	-	8,550,512
Art collection	144,326	-	-	144,326
Investments	-	-	703,528	703,528
Long-term receivables	-	-	502,000	502,000
Other assets	33,171	-	-	33,171
Total assets	<u>\$ 408,000</u>	<u>\$ 8,718,782</u>	<u>\$ 1,709,738</u>	<u>\$ 10,836,520</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 389,861	\$ -	\$ -	\$ 389,861
Notes payable, current portion	43,783	100,000	-	143,783
Line of credit	133,376	-	-	133,376
Deferred revenue	5,450	-	-	5,450
Due to other funds	52,818	-	-	52,818
Total current liabilities	625,288	100,000	-	725,288
Notes payable, less current portion	73,649	200,496	-	274,145
NET ASSETS	(290,937)	8,418,286	1,709,738	9,837,087
Total liabilities and net assets	<u>\$ 408,000</u>	<u>\$ 8,718,782</u>	<u>\$ 1,709,738</u>	<u>\$ 10,836,520</u>

The accompanying notes are an integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 631,580	\$ 202,131	\$ 727,449	\$ 1,561,160
Contributions in-kind	111,262	-	-	111,262
Restricted and program services grants	129,839	9,000	-	138,839
Membership dues	141,410	19,010	-	160,420
Admissions, workshop fees, meetings and conferences	264,600	33,901	-	298,501
Special fund-raising events and admissions	100,938	-	-	100,938
Sales of art, catalogs and subscriptions	96,891	449	-	97,340
Beverage, food, and hospitality services	136,659	-	-	136,659
Investment income	43,332	-	50,926	94,258
Other	18,831	-	-	18,831
Total support and revenue before net assets released from restrictions	1,675,342	264,491	778,375	2,718,208
Net assets released from restrictions	120,466	(120,466)	-	-
Total support and revenue	1,795,808	144,025	778,375	2,718,208
EXPENSES				
Salaries	386,022	-	-	386,022
Payroll taxes	20,990	-	-	20,990
Employee benefits	26,637	-	-	26,637
Value of in-kind contributions	111,262	-	-	111,262
Artist fees	317,064	-	-	317,064
Advertising	24,727	-	-	24,727
Telephone and utilities	75,301	-	-	75,301
Supplies, maintenance and equipment	83,514	-	-	83,514
Professional, technical and contract services	104,532	-	-	104,532
Beverage, food and hospitality	47,166	-	-	47,166
Printing, publications, films, etc.	80,893	-	-	80,893
Security and insurance	64,797	-	-	64,797
Postage and shipping	21,801	-	-	21,801
Meetings, conferences and travel	34,533	-	-	34,533
Interest expense	14,429	-	-	14,429
Program and royalty fees	9,296	-	-	9,296
Other	171,857	-	4,462	176,319
Total expenses before depreciation	1,594,821	-	4,462	1,599,283
Excess (deficiency) of support and revenue over (under) expenses before depreciation	200,987	144,025	773,913	1,118,925
Depreciation expense	27,833	235,949	-	263,782
Change in net assets	173,154	(91,924)	773,913	855,143
OTHER INCOME (EXPENSES)				
Business interruption loss, net of insurance proceeds	(15,603)	-	-	(15,603)
Total other income (expenses)	(15,603)	-	-	(15,603)
NET ASSETS, beginning of period	(290,937)	8,418,286	1,709,738	9,837,087
Unrealized gain (loss) on investments	18,982	-	(50,005)	(31,023)
NET ASSETS, end of period	<u>\$ (114,404)</u>	<u>\$ 8,326,362</u>	<u>\$ 2,433,646</u>	<u>\$10,645,604</u>

The accompanying notes are an integral part of these financial statements.

CONTEMPORARY ARTS CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 739,033	\$ 65,500	\$ 1,110,000	\$ 1,914,533
Contributions in-kind	178,391	-	-	178,391
Restricted and program services grants	542,625	-	-	542,625
Membership dues	205,301	-	-	205,301
Admissions, workshop fees, meetings and conferences	448,873	-	-	448,873
Special fund-raising events and admissions	64,093	-	-	64,093
Sales of art, catalogs and subscriptions	38,684	-	-	38,684
Beverage, food, and hospitality services	488,873	-	-	488,873
Investment income	313	-	8,235	8,548
Other	25,505	-	-	25,505
Total support and revenue before net assets released from restrictions	2,731,691	65,500	1,118,235	3,915,426
Net assets released from restrictions	120,382	(120,382)	-	-
Total support and revenue	2,852,073	(54,882)	1,118,235	3,915,426
EXPENSES				
Salaries	839,722	-	-	839,722
Payroll taxes	68,193	-	-	68,193
Employee benefits	45,780	-	-	45,780
Value of in-kind contributions	178,391	-	-	178,391
Artist fees	331,430	-	-	331,430
Advertising	59,785	-	-	59,785
Telephone and utilities	98,634	-	-	98,634
Supplies, maintenance and equipment	425,361	(17,219)	-	408,142
Professional, technical and contract services	248,480	-	-	248,480
Beverage, food and hospitality	136,607	-	-	136,607
Printing, publications, films, etc.	57,721	-	-	57,721
Security and insurance	75,671	-	-	75,671
Postage and shipping	21,331	-	-	21,331
Meetings, conferences and travel	31,941	-	-	31,941
Interest expense	33,883	-	-	33,883
Bad debt expense	4,000	-	-	4,000
Program and royalty fees	19,116	-	-	19,116
Other	138,637	-	2,399	141,036
Total expenses before depreciation	2,814,683	(17,219)	2,399	2,799,863
Excess (deficiency) of support and revenue over (under) expenses before depreciation	37,390	(37,663)	1,115,836	1,115,563
Depreciation expense	28,575	235,949	-	264,524
Change in net assets	8,815	(273,612)	1,115,836	851,039
NET ASSETS , beginning of period, as previously reported	(327,665)	41,186	9,251,450	8,964,971
PRIOR PERIOD ADJUSTMENT	-	8,650,712	(8,650,712)	-
NET ASSETS , beginning of period restated	(327,665)	8,691,898	600,738	8,964,971
Unrealized gain (loss) on investments	27,913	-	(6,836)	21,077
NET ASSETS , end of period	\$ (290,937)	\$ 8,418,286	\$ 1,709,738	\$ 9,837,087

The accompanying notes are an integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

	2006	2005
CASH FLOWS FROM OPERATING AND CAPITAL FUND-RAISING ACTIVITIES		
Change in net assets	\$ 808,517	\$ 872,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	263,782	264,524
Unrealized (gain) loss on investments	31,023	(21,077)
Changes in operating assets and liabilities:		
Pledges and grants receivable	11,231	(808,069)
Long-term receivables	(285,167)	150,000
Art collection	3,700	-
Other assets	25,919	(2,589)
Accounts payable and accrued expenses	(71,648)	127,119
Insured loss payable	279,959	-
Deferred revenue	(5,450)	(3,881)
Net cash provided by operating activities	<u>1,061,866</u>	<u>578,143</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(108,154)
Proceeds from sales of investments	566,688	90,000
Purchases of investments	<u>(1,046,747)</u>	<u>(340,681)</u>
Net cash used in investing activities	<u>(480,059)</u>	<u>(358,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on line of credit	(133,376)	(15,000)
Principal payments on notes payable	<u>(131,189)</u>	<u>(157,079)</u>
Net cash used in financing activities	<u>(264,565)</u>	<u>(172,079)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	317,242	47,229
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>317,326</u>	<u>270,097</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 634,568</u>	<u>\$ 317,326</u>
Supplemental disclosures:		
Cash paid during the year for:		
Interest	<u>\$ 29,238</u>	<u>\$ 33,883</u>

The accompanying notes are an integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Contemporary Arts Center (the “Center”) is a multi-disciplinary organization dedicated to presenting the works of local, national and international artists. The Center offers a year round calendar of exhibitions, performances and educational programs designed to engage diverse public audiences of all ages, while providing technical and development support for local artists.

The following program and supporting services are included in the accompanying financial statements:

Visual Arts – A year round calendar of curated visual art exhibits by local, national and international artists.

Performing Arts – A year round calendar of theatrical and musical presentations by local, national, and international artists. Community theater support program provides low cost presentation space and technical assistance to local performing artists/organizations.

Education – School field trips, a summer camp, adult lectures and presentations.

Community Outreach – Building relationships with community-based organizations to increase audience diversity and bring arts programming to the many communities of New Orleans.

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting.

Fund Accounting

The Center provides for funds according to three classes of net assets – permanently restricted, temporarily restricted and unrestricted to comply with limitations and restrictions placed on the use of resources by the donor.

Cash and Cash Equivalents

The Center places its cash and cash equivalents with high credit quality institutions in the greater New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts on deposit in excess of insured limits were approximately \$314,000 and \$50,000 at June 30, 2006 and 2005, respectively.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed Assets

Fixed assets are stated at acquisition cost or, in the case of gifts, fair value at the date of donation. Major additions are capitalized. Maintenance and repairs that do not improve or extend the life of the respective asset are charged to expense. Depreciation is computed using the straight-line method over the assets' estimated useful lives of 5 years for equipment and 30 years for the building. Building improvements are depreciated over the lesser of 30 years or the remaining life of the building.

Art Collection

The Center commissioned several works of art that are housed in the building at 900 Camp Street and are carried in the accompanying financial statements at cost. The Center does not record depreciation on the art collection as depreciation is not required to be recognized under accounting principles generally accepted in the United States of America on individual works of art or historical treasures whose economic benefit or service potential is used up so slowly that their estimated useful lives are extraordinarily long.

Net Assets

Permanently restricted net assets are amounts set aside due to the endowment fund. Temporarily restricted net assets are restricted for use until the donor imposed restrictive event takes place and primarily consists of pledges receivable related to the capital campaign, summer camp and composer-in-residence programs.

Gifts, Grants and Pledges

Gifts, grants and pledges are recorded in the three classes of net assets in accordance with the restriction of the donors. Non-cash gifts and grants are recorded as revenue at fair market value at the date contributed, if an objective valuation is determinable. Pledged contributions are recorded as receivables when a firm pledge is made and collectibility is reasonably determinable. If a pledge is to be received over a period of more than a year, the respective non-current amount is recorded at the net present value of future contributions as a non-current receivable.

Donated Materials and Services

Certain donated materials and services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. In addition, a substantial number of unpaid volunteers have donated significant amounts of their time to the development of the Center's program services and in its fund-raising campaigns; these services have not been recorded as contributions since there is no objective basis to measure their value.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments are carried at fair market value in the accompanying statements of financial position. Changes in unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Gains and losses from the sale or other disposition of investments and other non-cash assets are accounted for in the classification that reported the assets. Ordinary income from investments is accounted for in the classification reporting the assets.

Interfund Receivables and Payables

Use of unrestricted or restricted funds for building or operating purposes is accounted for through due to and due from accounts in the respective funds, as repayment is expected.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the fiscal 2005 financial statements have been reclassified in order to conform to the classifications adopted for reporting in fiscal 2006.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

In 1999, the Center recorded the contribution of its facility as a permanently restricted asset due to the restrictions placed on the donation. However, due to the depreciable nature of the asset, the facility should have been classified as a temporarily restricted asset. The effect of this correction resulted in an increase in temporarily restricted net assets of \$8,650.712 and a corresponding decrease in permanently restricted net assets as of July 1, 2004.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30 were as follows:

	<u>2006</u>	<u>2005</u>
Receivable in less than one year	\$ 521,608	\$ 532,839
Receivable in one to five years	<u>1,025,000</u>	<u>502,000</u>
	1,546,608	1,034,839
Less discount	<u>237,833</u>	<u>-</u>
Pledges receivable, net	<u>\$ 1,308,775</u>	<u>\$ 1,034,839</u>

Pledges receivable are to be used for the endowment campaign. At June 30, 2006, the discount rate used to estimate net present value was 8%. The discount rate reflects the current market conditions for anticipated returns at that date.

NOTE 4 – FIXED ASSETS

Fixed assets as of June 30, 2006 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Land	\$ -	\$ 3,150,000	\$ 3,150,000
Building and improvements	90,935	6,596,738	6,687,673
Equipment	<u>330,021</u>	<u>-</u>	<u>330,021</u>
	420,956	9,746,738	10,167,694
Less accumulated depreciation	<u>330,259</u>	<u>1,550,705</u>	<u>1,880,964</u>
	<u>\$ 90,697</u>	<u>\$ 8,196,033</u>	<u>\$ 8,286,730</u>

Fixed assets as of June 30, 2005 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Land	\$ -	\$ 3,150,000	\$ 3,150,000
Building and improvements	90,935	6,596,738	6,687,673
Equipment	<u>330,021</u>	<u>-</u>	<u>330,021</u>
	420,956	9,746,738	10,167,694
Less accumulated depreciation	<u>302,426</u>	<u>1,314,756</u>	<u>1,617,182</u>
	<u>\$ 118,530</u>	<u>\$ 8,431,982</u>	<u>\$ 8,550,512</u>

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – NOTES PAYABLE AND LINE OF CREDIT

Notes payable consisted of the following at June 30:

	<u>2006</u>	<u>2005</u>
Note payable to a bank dated February 4, 2002, bearing interest at 8.00%, payable in annual installments of \$100,000 through February 4, 2008, secured by a personal guarantee of a member of the Center's board of directors and the demand collateral mortgage note	\$ 200,496	\$ 300,496
Note payable to a bank dated March 18, 2004, bearing interest at 8.00%, payable on March 18, 2007, collateralized by the demand collateral mortgage note	78,000	96,000
Note payable to a financing company dated July 31, 2003, bearing no interest, payable on July 31, 2007	<u>8,243</u>	<u>21,432</u>
Total notes payable	286,739	417,928
Less: current portion	<u>186,243</u>	<u>143,783</u>
Total long-term notes payable	<u>\$ 100,496</u>	<u>\$ 274,145</u>

The aggregate maturities of long-term debt are as follows for the years subsequent to June 30, 2006:

2007	\$ 186,243
2008	100,496

The Center had no outstanding balance under a line of credit at June 30, 2006. The Center had an amount outstanding of \$133,376 under a line of credit at June 30, 2005. This amount consisted of advances under a \$150,000 line of credit agreement with a bank maturing January 19, 2007. The line of credit bears interest at 8.00% per annum and is collateralized by a \$325,000 demand collateral mortgage note dated September 13, 2000 affecting certain of the Center's land.

NOTE 6 – RELATED-PARTY TRANSACTIONS

A company controlled by a member of the Center's board of directors leased a portion of the building at 900 Camp Street to the Center pursuant to a lease, which initially expired in December 1992. On December 2, 1994, the lease was amended such that no rent was due from the Center. The lessor made a pledge to donate the building and land to the Center on July 1, 1999. Therefore, the Center recorded the donation of the building as of June 30, 1999 based on the \$9,000,000 valuation specified in the act of donation. In addition, the act of donation stated that each of the terms, conditions, restrictions and covenants therein were to remain in effect for a period of 20 years from the effective date of the donation of the property.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – RELATED-PARTY TRANSACTIONS (cont'd)

Related entities controlled by the same board member, contributed approximately \$255,000 and \$101,000 to the Center during fiscal years 2006 and 2005, respectively. Other members of the Center's board of directors and parties related to them made contributions of approximately \$1,087,000 and \$87,000 during fiscal years 2006 and 2005, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Center is involved in certain threatened or pending legal proceedings. While the ultimate resolution of these matters cannot be predicted with certainty, in the opinion of management and based on the advice of legal counsel, these actions will be resolved with no material adverse effect on the financial position, results of operations or cash flows of the Center.



**INDEPENDENT AUDITORS' 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
of the Contemporary Arts Center

We have audited the financial statements of the Contemporary Arts Center (the "Center") – a Louisiana not-for-profit corporation as of and for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the Center'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 the Center'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 and use of management, board members and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Legier & Materné, CPAs

November 2, 2006

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SUPPLEMENTAL SCHEDULE

**CONTEMPORARY ARTS CENTER
SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006**

	Program Services			
	Sponsored Projects	Performance	Education	Visual Arts
SUPPORT AND REVENUE				
Contributions	\$ 34,047	\$ 42,539	\$ 14,557	\$ 61,099
Contributions in-kind	-	-	-	-
Restricted and program services grants	-	22,875	2,000	15,287
Membership dues	-	-	-	-
Admissions, workshop fees, meetings and conferences	68,302	119,790	15,539	5,722
Special fund-raising events and admissions	-	-	-	-
Sales of art, catalogs and subscriptions	-	1,074	376	3,326
Beverage, food and hospitality services	-	-	-	107
Investment income	-	32,970	718	-
Other	112	9,962	-	1,885
Net assets released from restrictions	-	25,000	17,050	78,900
Total support and revenue	102,461	254,210	50,240	166,326
EXPENSES				
Salaries	-	25,938	21,572	57,792
Payroll taxes	-	2,070	1,643	4,371
Employee benefits	-	2,626	863	4,127
Value of in-kind contributions	-	1,275	500	200
Artist fees	81,322	166,390	26,160	13,995
Advertising	800	10,328	-	1,281
Telephone and utilities	-	1,180	-	-
Supplies, maintenance and equipment	-	6,972	1,489	10,977
Professional, technical and contract services	11,130	5,937	-	1,450
Printing, publications, films, etc.	947	5,970	76	53,599
Security and insurance	5,091	1,555	92	3,254
Postage and shipping	-	1,384	23	9,941
Beverage, food and hospitality	646	355	2,168	1,507
Meetings, conferences and travel	-	15,552	-	4,418
Interest expense	-	-	-	-
Program and royalty fees	-	149	-	8,000
Depreciation	-	-	-	-
Expense allocation	-	99,684	61,038	174,724
Other	111	7,739	2,502	1,761
Total expenses	100,047	355,104	118,126	351,397
OTHER INCOME (EXPENSES)				
Business interruption loss, net of insurance proceeds	-	-	-	-
Total other income (expenses)	-	-	-	-
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER (UNDER) EXPENSES				
	\$ 2,414	\$ (100,894)	\$ (67,886)	\$ (185,071)

CONTEMPORARY ARTS CENTER
SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006

Supporting Services										
Fund Raising	Marketing	Cybercafe	Rentals/ Hospitality	Management and General	Endowment	Capital Campaign	Unrestricted Totals	Temporarily Restricted Totals	Permanently Restricted Totals	Total
\$ 439,848	\$ 5,200	\$ -	\$ -	\$ 572	\$ 33,718	\$ -	\$ 631,580	\$ 202,131	\$ 727,449	\$ 1,561,160
111,262	-	-	-	-	-	-	111,262	-	-	111,262
76,344	-	-	-	-	-	13,333	129,839	9,000	-	138,839
141,410	-	-	-	-	-	-	141,410	19,010	-	160,420
468	-	-	52,159	2,620	-	-	264,600	33,901	-	298,501
100,938	-	-	-	-	-	-	100,938	-	-	100,938
91,951	-	84	-	80	-	-	96,891	449	-	97,340
71,229	-	6,036	59,287	-	-	-	136,659	-	-	136,659
-	-	-	-	9,644	-	-	43,332	-	50,926	94,258
3,382	976	384	1,971	159	-	-	18,831	-	-	18,831
12,849	-	-	-	-	-	(13,333)	120,466	(120,466)	-	-
<u>1,049,681</u>	<u>6,176</u>	<u>6,504</u>	<u>113,417</u>	<u>13,075</u>	<u>33,718</u>	<u>-</u>	<u>1,795,808</u>	<u>144,025</u>	<u>778,375</u>	<u>2,718,208</u>
77,353	9,999	3,385	14,848	158,252	-	16,883	386,022	-	-	386,022
(2,693)	866	250	1,217	12,282	-	984	20,990	-	-	20,990
6,831	863	-	873	9,555	-	899	26,637	-	-	26,637
7,561	21,726	-	-	80,000	-	-	111,262	-	-	111,262
27,997	700	-	500	-	-	-	317,064	-	-	317,064
4,450	6,478	-	(100)	-	-	1,490	24,727	-	-	24,727
764	-	345	491	72,521	-	-	75,301	-	-	75,301
2,959	628	632	5,178	54,077	-	602	83,514	-	-	83,514
38,568	10,923	-	6,620	4,885	-	25,019	104,532	-	-	104,532
9,847	562	-	-	9,892	-	-	80,893	-	-	80,893
4,843	78	170	1,183	48,531	-	-	64,797	-	-	64,797
8,191	34	-	27	2,122	-	79	21,801	-	-	21,801
49,008	-	2,516	20,516	-	-	(29,550)	47,166	-	-	47,166
9,140	-	-	416	3,320	-	1,687	34,533	-	-	34,533
-	-	-	-	4,557	-	9,872	14,429	-	-	14,429
1,147	-	-	-	-	-	-	9,296	-	-	9,296
-	-	-	-	-	27,833	-	27,833	235,949	-	263,782
52,478	(26,705)	-	-	(361,219)	-	-	-	-	-	-
140,065	1,201	154	9,919	7,480	-	925	171,857	-	4,462	176,319
<u>438,509</u>	<u>27,353</u>	<u>7,452</u>	<u>61,688</u>	<u>106,255</u>	<u>27,833</u>	<u>28,890</u>	<u>1,622,654</u>	<u>235,949</u>	<u>4,462</u>	<u>1,863,065</u>
-	-	-	-	(15,603)	-	-	(15,603)	-	-	(15,603)
-	-	-	-	(15,603)	-	-	(15,603)	-	-	(15,603)
<u>\$ 611,172</u>	<u>\$ (21,177)</u>	<u>\$ (948)</u>	<u>\$ 51,729</u>	<u>\$ (108,783)</u>	<u>\$ 5,885</u>	<u>\$ (28,890)</u>	<u>\$ 157,551</u>	<u>\$ (91,924)</u>	<u>\$ 773,913</u>	<u>\$ 839,540</u>