

**SHREVEPORT SYMPHONY, INC.****SHREVEPORT, LOUISIANA****JUNE 30, 2006**

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

8/29/07

SHREVEPORT SYMPHONY, INC.

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-8

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information	9
Details of Consolidated Statement of Financial Position	10
Details of Consolidated Statement of Activities	11

OTHER REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	12-13
Schedule of Findings and Questioned Costs	14-15
Schedule of Prior Year Findings	16

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

# HEARD McELROY & VESTAL

LLP  
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET  
15TH FLOOR  
SHREVEPORT, LA 71101  
318 429-1525  
318 429-2070 FAX  
POST OFFICE BOX 1607  
SHREVEPORT, LA  
71165-1607

PARTNERS  
SPENCER BERNARD, JR., CPA  
H.Q. GAHAGAN, JR., CPA, APC  
GERALD W. HEDGCOCK, JR., CPA, APC  
TIM B. NIELSEN, CPA, APC  
JOHN W. DEAN, CPA, APC  
MARK D. ELDREDGE, CPA  
ROBERT L. DEAN, CPA  
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA  
A. D. JOHNSON, JR., CPA  
RON W. STEWART, CPA, APC  
BENJAMIN C. WOODS, CPA/ABV, CVA

OF COUNSEL  
GILBERT R. SHANLEY, JR., CPA  
C. CODY WHITE, JR., CPA, APC  
J. PETER GAFFNEY, CPA, APC

June 19, 2007

The Board of Directors  
Shreveport Symphony, Inc.  
Shreveport, Louisiana

## Independent Auditor's Report

We have audited the accompanying consolidated statement of financial position of Shreveport Symphony, Inc. at June 30, 2006, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of Shreveport Symphony, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shreveport Symphony, Inc. at June 30, 2006, and the consolidated changes in its net assets and its cash flows for the year 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 a report dated June 19, 2007, on our consideration of Shreveport Symphony's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Heard, McElroy & Vestal, LLP*

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • BOSSIER CITY  
WEST MONROE

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

SHREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2006

ASSETS

**Current assets:**

Cash	321,115
Accounts receivable	22,688
Prepaid expenses	3,500
Due from other funds	<u>384,449</u>
Total current assets	731,752

**Investments**

225,024

**Fixed assets:**

Property and equipment	307,465
Accumulated depreciation	<u>(214,967)</u>
Net fixed assets	<u>92,498</u>

Total assets

1,049,274

LIABILITIES AND NET ASSETS

**Current liabilities:**

Accounts payable	13,354
Accrued payroll liabilities	26,112
Deferred revenues	148,147
Borrowings	114,771
Due to other funds	<u>384,449</u>
Total current liabilities	686,833

**Net assets (deficit):**

Unrestricted:	
Operating	(453,481)
Fixed assets	92,498
Designated for endowment	<u>412,931</u>
Total unrestricted	51,948
Permanently restricted	<u>310,493</u>
Total net assets	<u>362,441</u>

Total liabilities and net assets

1,049,274

The accompanying notes to financial statements are an integral part of the financial statements.

SHREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>Revenues, gains, and support:</u></b>			
Ticket sales	262,330	-	262,330
Performance fees	114,037	-	114,037
Grants	188,816	-	188,816
Annual fund drive	329,880	-	329,880
Other fundraising	174,132	-	174,132
Sponsorship	105,500	-	105,500
Advertising	52,575	-	52,575
Other donations	141,105	2,500	143,605
Investment income	18,466	3,951	22,417
Other	<u>3,079</u>	-	<u>3,079</u>
Total revenues, gains, and support	1,389,920	6,451	1,396,371
<b><u>Expenses:</u></b>			
Program services:			
Concert production	179,670	-	179,670
Music administration	642,556	-	642,556
Marketing and public relations	104,638	-	104,638
Education and outreach	<u>1,109</u>	-	<u>1,109</u>
Total program services	927,973	-	927,973
Support services:			
Development and fundraising	69,773	-	69,773
General and administrative	<u>254,837</u>	-	<u>254,837</u>
Total support services	<u>324,610</u>	-	<u>324,610</u>
Total expenses	<u>1,252,583</u>	-	<u>1,252,583</u>
<b><u>Change in net assets</u></b>	137,337	6,451	143,788
<b><u>Net assets-beginning of year</u></b>	<u>(85,389)</u>	<u>304,042</u>	<u>218,653</u>
<b><u>Net assets-end of year</u></b>	<u>51,948</u>	<u>310,493</u>	<u>362,441</u>

The accompanying notes to financial statements are an integral part of the financial statements.

SHREVEPORT SYMPHONY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

**Cash flows from operating activities:**

Change in net assets	<u>143,788</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,904
Unrealized gain on investments	(4,947)
(Increase) in accounts receivable	(8,038)
Decrease in prepaid expenses	1,316
Increase in accounts payable	6,920
Increase in accrued liabilities	26,112
(Decrease) in deferred revenue	<u>(55,633)</u>
Net cash provided by operating activities	121,422

**Cash flows from investing activities:**

Acquisition of fixed assets	<u>(1,109)</u>
Net cash (used) by investing activities	(1,109)

**Cash flows from financing activities:**

Repayment of debt	(361)
Proceeds from long-term debt	<u>55,000</u>
Net cash provided by financing activities	<u>54,639</u>

**Net increase in cash and cash equivalents** 174,952

**Cash and cash equivalents-beginning of year** 146,163

**Cash and cash equivalents-end of year** 321,115

**Supplemental disclosures of cash flow information:**

Cash paid during the year for:	
Interest expense	<u>7,502</u>
Income tax	<u>-</u>

The accompanying notes to financial statements are an integral part of the financial statements.

SHREVEPORT SYMPHONY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AT JUNE 30, 2006

1. Summary of Significant Accounting Policies

Financial Statement Consolidation

The consolidated financial statements include the accounts of The Shreveport Symphony, Inc. and Shreveport Symphony Orchestra Foundation, a nonprofit corporation whose sole membership is the Executive Committee of The Shreveport Symphony, Inc. All significant intercompany transactions have been eliminated in the consolidated financial statements.

Nature of Activities

The Shreveport Symphony, Inc. is a nonprofit organization formed in 1948. Its major sources of revenue are ticket sales and fees, grants, and individual and corporate contributions. The Symphony's musicians are organized under a collective bargaining agreement between the Symphony and Local 116, American Federation of Musicians. The Symphony's stagehands are organized under a collective bargaining agreement between the Symphony and Local 298, International Alliance of Theatrical Stage Employees. The Symphony includes the following program and support activities:

*Concert Production* - Includes the expenses necessary to produce the concerts that the Symphony performs.

*Music Administration* - Includes the expenses required to maintain the core musician staff and the music library.

*Marketing and Public Relations* - Encompasses the identification, cultivation and expansion of the Symphony's audience as the primary effort to promote the enjoyment of classical music and to increase public involvement in the Symphony's activities.

*Development and Fund Raising* - Provides the structure necessary to encourage and secure private financial support from individuals, foundation, and corporations, as well as efforts to obtain state and local government funding.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the requirements 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.

## 1. Summary of Significant Accounting Policies (Continued)

### 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, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

### Income Tax Status

Both the Symphony and the Foundation are nonprofit corporations exempt from state and federal income tax under Section 501(c)(3) of the Internal Revenue Code.

### Retirement Obligations

The employees of the Symphony are members of the Social Security System. There are no other retirement plans available through the Symphony.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Symphony considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method.

### Investments and Investment Income and Gains

The Symphony carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gain are recognized.

### Deferred Revenue

Revenues from season ticket sales and concert sponsorships which have been received for the next Symphony season are recorded as deferred revenue.

### Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statement of Activities as net assets released from restrictions.

### Expense Allocation

The costs of provided various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

1. **Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

Employees of the Symphony earn one week of vacation after one year of service and two weeks of vacation after two or more years of service. They are required to use the vacation or lose it. Vacation time does not carry forward from one year to the next. There is no formal policy regarding sick leave, but sick leave is not allowed to be carried forward from one year to the next and is not paid upon termination of employment.

**Advertising**

Advertising costs are expensed as incurred. Such costs amounted to \$56,770 for the year ended June 30, 2006.

2. **Concentrations of Credit Risk**

Financial instruments that potentially subject the Symphony to concentrations of credit risk consist principally of temporary cash investments, endowment investments, and accounts receivable.

The Symphony maintains its temporary cash balances at several financial institutions located in Shreveport, Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of June 30, 2006, the Symphony had \$156,561 in uninsured cash balances.

The Symphony maintains its endowment investments with various investment companies. Accounts at these investment companies are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims up to \$100,000). As of June 30, 2006, the Symphony's bases in endowment investments were within the insured range.

Concentrations of credit risk with respect to accounts receivable are limited due to the number of contributors comprising the Symphony's contributor base and their dispersion across different industries.

3. **Due to and Due From Other Funds**

The following schedule represents amounts due to and due from other funds at June 30, 2006.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Symphony Operating Fund	-	384,449
Board Designated Endowment Fund	<u>384,449</u>	-
	<u>384,449</u>	<u>384,449</u>

The \$384,449 inter-fund payable from the Operating Fund to the Board Designated Endowment Fund represents the amount of unrestricted endowment funds, including deferred unrestricted funds, which were borrowed to meet operating expenses incurred in the June 30, 2003 fiscal year.

4. **Investments**

Investments are stated at fair value and consist of mutual funds as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Gross Unrealized Gains</u>
Mutual funds	<u>225,024</u>	<u>4,947</u>

5. **Property and Equipment**

As of June 30, 2006, property and equipment consisted of the following:

Leasehold improvements	122,039
Musical instruments	99,233
Concert production equipment	26,981
Office furniture and equipment	46,795
Computer software and equipment	<u>12,417</u>
	<u>307,465</u>

Depreciation expense for the year ended June 30, 2006, was \$11,904 and is included in general and administrative expenses.

6. **Unrestricted Net Assets**

As of June 30, 2006, unrestricted net assets consisted of the following:

Fund

Operating	(453,481)
Fixed assets	92,498
Designated for endowment	<u>412,931</u>
Total unrestricted	<u>51,948</u>

7. **Permanently Restricted Net Assets**

Permanently restricted net assets are comprised of endowments made both to the Symphony and the Foundation in which the principal is to be held indefinitely. The income from the assets can be used to support the Symphony's general operations.

8. **Leases**

The Symphony leases the office space it occupies. This lease runs for a three year term of \$1,612 per month, expiring July 31, 2006. Total expense under this lease for the year ended June 30, 2006 amounted to \$19,344.

9. **Borrowings**

Borrowings consisted of the following:

FlexLine loan from AmSouth Bank dated 4-1-05 for a maximum of \$25,000; due on demand; interest at WSJ prime plus 3.00% (11.00% at 6-30-06); collateralized by investments.	24,241
Revolving credit line with AmSouth Bank dated 5-16-05 for a maximum of \$175,000; due on demand; if no demand, interest payable monthly and principal due 5-15-08; interest at Bank prime plus 0.25%; collateralized by investments.	<u>90,530</u>
Total borrowings	<u>114,771</u>

10. **Related Party Transactions**

Revenues, including contributions, received during the year from officers and directors of the Symphony amounted to approximately \$77,000.

**SUPPLEMENTARY INFORMATION**

# HEARD McELROY & VESTAL

LLP  
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET  
15TH FLOOR  
SHREVEPORT, LA 71101  
318 429-1525  
318 429-2070 FAX  
POST OFFICE BOX 1607  
SHREVEPORT, LA  
71165-1607

PARTNERS  
SPENCER BERNARD, JR., CPA  
H.Q. GAHAGAN, JR., CPA, APC  
GERALD W. HEDGCOCK, JR., CPA, APC  
TIM B. NIELSEN, CPA, APC  
JOHN W. DEAN, CPA, APC  
MARK D. ELDRIDGE, CPA  
ROBERT L. DEAN, CPA  
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA  
A. D. JOHNSON, JR., CPA  
RON W. STEWART, CPA, APC  
BENJAMIN C. WOODS, CPA/ABV, CVA

OF COUNSEL  
GILBERT R. SHANLEY, JR., CPA  
C. CODY WHITE, JR., CPA, APC  
J. PETER GAFFNEY, CPA, APC

June 19, 2007

The Board of Directors  
Shreveport Symphony, Inc.  
Shreveport, Louisiana

## Independent Auditor's Report on Supplementary Information

We have audited the consolidated financial statements of Shreveport Symphony, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated June 19, 2007. These consolidated financial statements are the responsibility of the management of Shreveport Symphony, Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of Shreveport Symphony, Inc. taken as a whole. The supplementary information on Pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

*Heard, McElroy & Vestal, LLP*

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • BOSSIER CITY  
WEST MONROE

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

**SHREVEPORT SYMPHONY, INC. AND SUBSIDIARY**

**DETAILS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2006**

<b><u>ASSETS</u></b>	<b><u>Shreveport Symphony, Inc.</u></b>	<b><u>Shreveport Symphony Foundation</u></b>	<b><u>Eliminations</u></b>	<b><u>Consolidated</u></b>
<b><u>Current assets:</u></b>				
Cash	207,411	113,704	-	321,115
Accounts receivable	22,688	-	-	22,688
Prepaid expenses	3,500	-	-	3,500
Due from other funds	<u>384,449</u>	<u>-</u>	<u>-</u>	<u>384,449</u>
Total current assets	618,048	113,704	-	731,752
<b><u>Fixed assets:</u></b>				
Property and equipment	307,465	-	-	307,465
Accumulated depreciation	<u>(214,967)</u>	<u>-</u>	<u>-</u>	<u>(214,967)</u>
Net fixed assets	92,498	-	-	92,498
<b><u>Investments</u></b>	<u>225,024</u>	<u>-</u>	<u>-</u>	<u>225,024</u>
<b>Total assets</b>	<u>935,570</u>	<u>113,704</u>	<u>-</u>	<u>1,049,274</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>Current liabilities:</u></b>				
Accounts payable	13,354	-	-	13,354
Accrued payroll liabilities	26,112	-	-	26,112
Deferred revenues	148,147	-	-	148,147
Due to other funds	<u>384,449</u>	<u>-</u>	<u>-</u>	<u>384,449</u>
Total current liabilities	572,062	-	-	572,062
<b><u>Long-term debt</u></b>	<u>114,771</u>	<u>-</u>	<u>-</u>	<u>114,771</u>
Total liabilities	686,833	-	-	686,833
<b><u>Net assets (deficit):</u></b>				
<b>Unrestricted:</b>				
Operating	(457,185)	3,704	-	(453,481)
Fixed assets	92,498	-	-	92,498
Designated for endowment	<u>412,931</u>	<u>-</u>	<u>-</u>	<u>412,931</u>
Total unrestricted	48,244	3,704	-	51,948
Permanently restricted	<u>200,493</u>	<u>110,000</u>	<u>-</u>	<u>310,493</u>
Total net assets	<u>248,737</u>	<u>113,704</u>	<u>-</u>	<u>362,441</u>
<b>Total liabilities and net assets</b>	<u>935,570</u>	<u>113,704</u>	<u>-</u>	<u>1,049,274</u>

**SHREVEPORT SYMPHONY, INC. AND SUBSIDIARY**  
**DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Shreveport Symphony, Inc.</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>Revenues, gains, and support:</u></b>			
Ticket sales	262,330	-	262,330
Performance fees	114,037	-	114,037
Grants	188,816	-	188,816
Annual fund drive	329,880	-	329,880
Other fundraising	174,132	-	174,132
Sponsorship	105,500	-	105,500
Advertising	52,575	-	52,575
Other donations	141,105	-	141,105
Investment income	15,253	3,951	19,204
Other	<u>3,079</u>	<u>-</u>	<u>3,079</u>
Total revenues, gains, and support	1,386,707	3,951	1,390,658
<b><u>Expenses:</u></b>			
Program services:			
Concert production	179,670	-	179,670
Music administration	642,556	-	642,556
Marketing and public relations	104,638	-	104,638
Education and outreach	<u>1,109</u>	<u>-</u>	<u>1,109</u>
Total program services	927,973	-	927,973
Support services:			
Development and fundraising	69,773	-	69,773
General and administrative	<u>254,837</u>	<u>-</u>	<u>254,837</u>
Total support services	324,610	-	324,610
Total expenses	<u>1,252,583</u>	<u>-</u>	<u>1,252,583</u>
<b><u>Change in net assets</u></b>	134,124	3,951	138,075
<b><u>Net assets-beginning of year</u></b>	<u>(85,880)</u>	<u>196,542</u>	<u>110,662</u>
<b><u>Net assets-end of year</u></b>	<u>48,244</u>	<u>200,493</u>	<u>248,737</u>

<u>Shreveport Symphony Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
-	-	262,330
-	-	114,037
-	-	188,816
-	-	329,880
-	-	174,132
-	-	105,500
-	-	52,575
2,500	-	143,605
3,213	-	22,417
-	-	<u>3,079</u>
<u>5,713</u>	<u>-</u>	1,396,371
-	-	179,670
-	-	642,556
-	-	104,638
<u>-</u>	<u>-</u>	<u>1,109</u>
-	-	927,973
-	-	69,773
<u>-</u>	<u>-</u>	<u>254,837</u>
<u>-</u>	<u>-</u>	<u>324,610</u>
<u>-</u>	<u>-</u>	<u>1,252,583</u>
5,713	-	143,788
<u>107,991</u>	<u>-</u>	<u>218,653</u>
<u>113,704</u>	<u>-</u>	<u>362,441</u>

**OTHER REPORTS**

June 19, 2007

The Board of Directors  
Shreveport Symphony, Inc.  
Shreveport, Louisiana

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards**

We have audited the consolidated financial statements of Shreveport Symphony, Inc., as of and for the year ended June 30, 2006, and have issued our report thereon dated June 19, 2007. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Shreveport Symphony's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Shreveport Symphony's ability to record, process, summarize, and report financial data consistent with the assertions of management in the consolidated financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-2 through 2006-4.

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 consolidated 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2006-2 and 2006-3 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Symphony's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • BOSSIER CITY  
WEST MONROE

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

material effect on the determination of consolidated 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 one instance of noncompliance which is described in the accompanying schedule of findings and questioned costs as item 2006-1.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Heard, McElroy & Vestal, LLP*

SHREVEPORT SYMPHONY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

**I. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Shreveport Symphony, Inc.
2. Three reportable conditions (including two material weaknesses) relating to the audit of the financial statements of Shreveport Symphony, Inc. are reported.
3. One instance of noncompliance material to the financial statements of Shreveport Symphony, Inc. was disclosed during the audit.
4. Shreveport Symphony, Inc. was not subject to a single audit for the year ended June 30, 2006.

**II. Findings - Financial Statement Audit**

2006-1 Noncompliance

Shreveport Symphony was unable to submit its June 30, 2006 audited financial statements to the Office of the Legislative Auditor within six months of its year-end, as required by state law (La RS 24:513). Caused in part by the necessity of replacing its Finance Director twice during the year, management also was unaware that the organization was subject to state audit law.

Management Response - We will consult with our auditor each fiscal year as to whether we are subject to state audit law for the fiscal year, and take appropriate action.

2006-2 Prior Year Audit Adjustments - Material Weakness

Several audit adjustments were made by the predecessor auditor to the June 30, 2005 trial balance, but were not posted to the books by client personnel. The absence of such posting resulted in misstated beginning asset, liability, and net asset balances for the current year audit. These balances required additional attention and audit effort to evaluate and adjust.

Management Response - Audit adjustments for the current year audit have been obtained from the auditor, and posted to our books.

2006-3 Bank Reconciliations-Material Weakness

Monthly bank reconciliations do not appear to be consistently, timely performed or accurately calculated. Several instances were noted where the reconciliations were performed, but did not match the indicated general ledger account balance. Instances also were noted where accounting personnel back-dated adjustments to the cash accounts, but did not update or revise the related bank reconciliation.

Sound internal control requires timely, periodic reconciliations between cash balances indicated by the Symphony's books and those indicated on related bank statements. Significant audit effort was required to appropriately adjust the organization's books to the balances indicated by the bank accounts.

Management Response - Monthly bank reconciliations are currently being performed, and any differences appropriately investigated and adjusted.

#### 2006-4 Grant Receivables

Payments due from grantors at the end of the fiscal year are not recorded in the general ledger until the payment is received. Upon receipt, the transaction is back-dated so that the revenue is recognized in the appropriate grant year. Such a procedure violates accounting principles by overstating cash and understating receivables at the end of the fiscal period, and overriding the reconciliation of the related cash account. Instead, a receivable for the amount due from the grantor should be set up, with a related credit to grant revenue. When payment is received, the appropriate cash account should be debited, and the grant receivable relieved. In this way, the proper amount of revenue is recognized, and cash balances remain reconciled to the related bank accounts.

Management Response - We agree with the suggestion, and are accounting for grant payments appropriately.

SHREVEPORT SYMPHONY, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2006

**I. Internal Control and Compliance Material to the Financial Statements**

No findings were reported in the prior audit.