

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2016 AND 2015

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Louisiana Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, 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 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 *Governmental Auditing Standards* in considering Northeast Louisiana Arts Council's internal control over financial reporting and compliance.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
October 25, 2016

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash & Cash Equivalents	\$150,789	\$134,681
Regrant Receivable	0	11,887
Stabilization Receivable	0	4,163
Grant Receivable	3,392	0
Furniture and Equipment, net	<u>0</u>	<u>0</u>
<u>TOTAL ASSETS</u>	<u>\$154,181</u>	<u>\$150,731</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accrued Payroll Taxes	\$7,398	\$ 6,154
DAFP Grants & Expenses Payable	12,953	17,685
Accrued Bonus	<u>4,378</u>	<u>0</u>
<u>TOTAL CURRENT LIABILITIES</u>	24,729	23,839
<u>Net Assets</u>		
Unrestricted:		
Operating	<u>129,452</u>	<u>126,892</u>
<u>TOTAL NET ASSETS</u>	<u>129,452</u>	<u>126,892</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$154,181</u>	<u>\$150,731</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>PUBLIC SUPPORT AND REVENUES</u>		
Memberships	\$ 15,045	\$18,850
Interest Income	431	66
Contracted Service Revenues	14,168	18,844
Corporate Support	41,825	13,750
Foundation Support	3,000	7,000
Fundraisers	38,568	39,795
Other Income	2,173	3,474
Grant and Regrant-City of Monroe	35,000	35,000
RDA Grant	3,392	3,029
Stabilization Administrative Allowance	1,500	1,200
Stabilization Re grants	14,055	16,350
DOA Support	10,176	14,538
Decentralized Grant - CDC Contract	25,000	25,000
Decentralized Grant-Administrative Allowance	5,282	5,282
Decentralized Grant - Parish Re grants	47,546	47,546
In-Kind Income - City of West Monroe	<u>20,000</u>	<u>20,000</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	<u>277,161</u>	<u>269,724</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>EXPENSES</u>		
Administrative Salaries	91,947	70,680
Outside Professional Services - Artistic	14,721	18,257
Rent and Utilities	20,000	20,000
Marketing Promo and Printing	1,576	1,181
Office Supplies & Discretionary	4,189	2,241
Telephone	1,672	1,768
Travel and Lodging	4,849	4,261
Board Meeting Expense	249	131
Outside Professional Services - Other	4,000	4,000
Equipment Rental	1,006	755
Insurance	2,188	2,197
Miscellaneous Equipment and Software	1,489	456
Payroll Taxes and Benefits	14,358	12,837
General Postage	412	89
Development and Fundraising	11,207	12,482
Decentralized Parish Re grants	47,546	47,546
Stabilization Re grants	14,055	16,650
NLAC Re grants	37,887	26,993
Dues & Subscriptions	<u>1,250</u>	<u>690</u>
<u>TOTAL EXPENSE</u>	<u>274,601</u>	<u>243,214</u>
<u>CHANGE IN NET ASSETS</u>	2,560	26,510
<u>NET ASSETS, Beginning of Year</u>	<u>126,892</u>	<u>100,382</u>
<u>NET ASSETS, End of Year</u>	<u>\$129,452</u>	<u>\$126,892</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 2,560	\$ 26,510
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	0	0
(Increase) Decrease In:		
Grant Receivable	12,658	300
Prepaid Expenses	0	3,881
Increase (Decrease) In:		
Accounts Payable	4,378	(3,072)
Accrued Payroll Taxes	1,244	(20)
DAFP Grants & Expenses Payable	<u>(4,732)</u>	<u>(4,615)</u>
<u>NET CASH PROVIDED BY (USED IN) ACTIVITIES</u>	<u>16,108</u>	<u>22,984</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	16,108	22,984
<u>BEGINNING CASH & CASH EQUIVALENTS</u>	<u>134,681</u>	<u>111,697</u>
<u>ENDING CASH & CASH EQUIVALENTS</u>	<u>\$150,789</u>	<u>\$134,681</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 - 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, 2016 AND 2015

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Community Trust	\$44,715	\$46,137
Community Trust - CD	11,587	11,512
Community Trust - CD	30,315	30,000
Community Trust	13,304	1,652
Bancorp South - CD	19,746	19,736
Progressive Bank	31,122	25,644
<u>TOTAL</u>	<u>\$150,789</u>	<u>\$134,681</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$43,687	\$43,687
Less: Accumulated Depreciation	<u>(43,687)</u>	<u>(43,687)</u>
<u>NET FURNITURE AND EQUIPMENT</u>	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$0 and \$0, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 2016 and 2015.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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 less any bonuses into a 403B retirement plan. Total retirement benefits were \$4,377 and \$4,037 for 2016 and 2015, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The Council's management has evaluated subsequent events through the date the financial statements were available to be issued, October 25, 2016, and determined that no events occurred that require disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2016

Agency Head Name/Title: Tommy Usrey, President

Purpose	
Salary	\$72,929
Benefits - Insurance	2,554
Benefits - Retirement	4,167
Car Allowance	0
Vehicle Provided by Government	0
Deferred Compensation	0
Other (Vision)	0
Benefits - Other (GTL)	0
Continuing Professional Education	0
Per Diem	0
Reimbursements	2,347
Travel	2,956
Registration Fees	0
Conference Travel	<u>1,472</u>
	<u>\$86,425</u>

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INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the 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, the financial statements of the Northeast Louisiana Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northeast Louisiana Arts Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Louisiana Arts Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Art Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Finding 16-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northeast Louisiana Arts Council's financial statements are free from 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

Northeast Louisiana Arts Council's Response to Findings

The Northeast Louisiana Arts Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Louisiana Arts Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Marcus, Robinson and Hassell
Monroe, Louisiana
October 25, 2016

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

We have audited the financial statements of the governmental activities and each major fund of the Northeast Louisiana Arts Council, as of and for the year ended June 30, 2016, and have issued our report thereon dated October 25, 2016. 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. Our audit of the financial statements as of June 30, 2016 resulted in an unqualified opinion.

Section I - Summary of Auditor's Results

i. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Compliance

Compliance Material to Financial Statements yes no

ii. Federal Awards -N/A

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Type of Opinion on Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

iii. Identification of Major Programs: N/A

CFDA Number(s) Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? yes No N/A

Section II - Financial Statement Findings

Internal Control Over Financial Reporting 16-01 - Inadequate Segregation of Duties

Due to the small number of employees, the Arts Council did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.

Correction Action Plan

No response is considered necessary.

Contact Person

Tommy Usrey

Anticipated Completion Date

NA

Section III - Federal Award Findings and Questioned Costs - N/A

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Section I - Internal Control and Compliance Material to the Financial Statements

<u>Findings</u>	<u>Response</u>
2015-1 Inadequate segregation of duties due to small number of employees	No response is considered necessary based upon the cost-benefit of additional personal to complete segregation duties.

Section II - Internal Control and Compliance Material to Federal Awards

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.