

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2012 AND 2011

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 DEC 12 2012

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

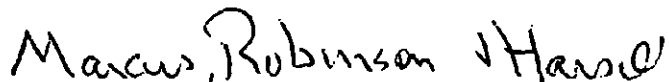
To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the accompanying statements of financial position of Northeast Louisiana Arts Council (a nonprofit organization) as of June 30, 2012 and 2011, 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, 2012 and 2011, 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 November 13, 2012, 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* and should be considered in assessing the results of our audit.



Marcus, Robinson and Hassell
Monroe, Louisiana
November 13, 2012

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---|------------------|------------------|
| <u>ASSETS</u> | | |
| <u>Current Assets</u> | | |
| Cash & Cash Equivalents (Notes 1 & 2) | \$146,070 | \$159,025 |
| <u>Furniture and Equipment, net</u> (Notes 1 & 3) | <u>686</u> | <u>1,371</u> |
| <u>TOTAL ASSETS</u> | <u>\$146,756</u> | <u>\$160,396</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>Current Liabilities</u> | | |
| Accrued Bonuses | \$ 0 | \$ 8,600 |
| Accounts Payable | 0 | 6,799 |
| Accrued Payroll Taxes | 5,335 | 5,054 |
| DAFP Grants & Expenses Payable | <u>30,834</u> | <u>24,016</u> |
| <u>TOTAL CURRENT LIABILITIES</u> | 36,169 | 44,469 |
| <u>Net Assets</u> | | |
| Unrestricted: | | |
| Operating | 109,901 | 114,556 |
| Fixed Assets | <u>686</u> | <u>1,371</u> |
| <u>TOTAL NET ASSETS</u> | <u>110,587</u> | <u>115,927</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$146,756</u> | <u>\$160,396</u> |

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|---------------|---------------|
| <u>UNRESTRICTED NET ASSETS</u> | | |
| <u>PUBLIC SUPPORT AND REVENUES</u> | | |
| Memberships | \$ 13,410 | \$ 11,390 |
| Interest Income | 540 | 920 |
| Contracted Service Revenues | 14,214 | 7,100 |
| Corporate Support | 16,040 | 24,000 |
| Foundation Support | 1,000 | 50,595 |
| Fundraisers | 14,239 | 16,070 |
| Special Events | 0 | 0 |
| Other Income | 7,347 | 17,221 |
| Grant and Regrant-City of Monroe | 35,000 | 35,000 |
| National Endowment | 0 | 10,000 |
| DOA Support | 11,610 | 11,279 |
| Decentralized Grant - CDC Contract | 25,000 | 25,000 |
| Decentralized Grant-Administrative Allowance | 8,691 | 13,361 |
| Decentralized Grant - Parish Re grants | 78,222 | 120,250 |
| In-Kind Income - City of West Monroe | <u>20,000</u> | <u>20,000</u> |
| <u>TOTAL SUPPORT - UNRESTRICTED</u> | 245,313 | 362,186 |

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|------------------|------------------|
| <u>EXPENSES</u> | | |
| Administrative Salaries | 101,850 | 110,450 |
| Outside Professional Services - Artistic | 6,396 | 35,188 |
| Rent and Utilities | 20,000 | 20,000 |
| Staff and Artistic Travel | 0 | 1,479 |
| Marketing Promo and Printing | 1,105 | 9,675 |
| Office Supplies & Discretionary | 1,566 | 2,701 |
| Telephone | 1,489 | 1,678 |
| Travel and Lodging | 7,858 | 5,471 |
| Board Meeting Expense | 380 | 327 |
| Outside Professional Services - Other | 4,000 | 4,610 |
| Developing | 370 | 1,000 |
| Equipment Rental | 814 | 606 |
| Insurance | 2,045 | 833 |
| Miscellaneous Equipment and Software | 415 | 417 |
| Payroll Taxes and Benefits | 17,158 | 21,567 |
| General Postage | 500 | 895 |
| Development and Fundraising | 1,081 | 1,407 |
| Decentralized Parish Re grants | 78,222 | 129,718 |
| Special Events | 4,718 | 16,642 |
| Depreciation | <u>686</u> | <u>686</u> |
| <u>TOTAL EXPENSE</u> | <u>250,653</u> | <u>365,350</u> |
| <u>CHANGE IN NET ASSETS</u> | (5,340) | (3,164) |
| <u>NET ASSETS</u> , Beginning of Year | <u>115,927</u> | <u>119,091</u> |
| <u>NET ASSETS</u> , End of Year | <u>\$110,587</u> | <u>\$115,927</u> |

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|------------------|------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in Net Assets | \$ (5,340) | \$(3,164) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 686 | 686 |
| Increase (Decrease) In: | | |
| Accounts Payable | (15,399) | 10,899 |
| Accrued Payroll Taxes | 280 | 419 |
| DAFP Grants & Expenses Payable | <u>6,818</u> | <u>(8,927)</u> |
| <u>NET CASH PROVIDED BY (USED IN) ACTIVITIES</u> | (12,955) | (87) |
| <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | (12,955) | (87) |
| <u>BEGINNING CASH & CASH EQUIVALENTS</u> | <u>159,025</u> | <u>159,112</u> |
| <u>ENDING CASH & CASH EQUIVALENTS</u> | <u>\$146,070</u> | <u>\$159,025</u> |

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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, 2012 AND 2011

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, 2012 and 2011:

| | <u>2012</u> | <u>2011</u> |
|------------------------|------------------|------------------|
| Community Trust | \$ 52,989 | \$ 79,681 |
| Community Trust - CD | 11,190 | 11,179 |
| Bancorp South - CD | 19,683 | 19,628 |
| Iberia - Decentralized | 30,847 | 20,513 |
| Cross Keys Checking | <u>31,361</u> | <u>28,024</u> |
| <u>TOTAL</u> | <u>\$146,070</u> | <u>\$159,025</u> |

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

| | <u>2012</u> | <u>2011</u> |
|------------------------------------|-----------------|-----------------|
| Furniture and Equipment | \$43,687 | \$43,687 |
| Less: Accumulated Depreciation | <u>(43,001)</u> | <u>(42,316)</u> |
| <u>NET FURNITURE AND EQUIPMENT</u> | <u>\$ 686</u> | <u>\$ 1,371</u> |

Depreciation expense for the years ended June 30, 2012 and 2011 totaled \$686 and \$686, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 2012 and 2011.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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 \$6,111 and \$6,627 for 2012 and 2011, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The Council's management has evaluated subsequent events through the date the financial statements were available to be issued, November 13, 2012, 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.

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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 the financial statements of the Northeast Louisiana Arts Council (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. 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 the Northeast Louisiana Arts Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northeast Louisiana Arts Council's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (Finding 12-01). 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

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. We did not audit the Northeast Louisiana Arts Council's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited 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
November 13, 2012

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, and have issued our report thereon dated November 13, 2012. 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, 2012 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 12-01 - 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, 2012

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

| <u>Findings</u> | <u>Response</u> |
|--|--|
| 2011-1 Inadequate segregation of duties 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.