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DIXIE CENTER FOR THE ARTS, INC.
FINANCIAL REPORT
JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/05

DIXIE CENTER FOR THE ARTS, INC.
FINANCIAL REPORT
JUNE 30, 2004

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Affidavit and Revenue Certification

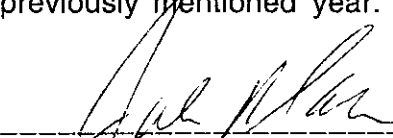
Dixie Center for the Arts, Inc.
Lincoln Parish
Ruston, Louisiana

**ANNUAL SWORN FINANCIAL STATEMENTS AND
CERTIFICATION OF REVENUES \$50,000 OR LESS**

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. If applicable, the certification of revenues \$50,000 or less is required by Louisiana Revised Statute 24:513(l)(1)(c)(i). (The threshold is \$200,000 for Justices of the Peace and Constables.)

Personally came and appeared before the undersigned authority, John R. Sachs, who duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of Dixie Center for the Arts, Inc. as of June 30, 2004, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, John R. Sachs, who, duly sworn, deposes and says that Dixie Center for the Arts, Inc. received \$50,000 or less in state and/or local public funds for the year ended June 30, 2004, and accordingly, is not required to have an audit for the previously mentioned year.



Signature

Sworn to and subscribed before me this 6th day of May, 2005.

 # 16131

Signature

Officer Name: John R. Sachs
Title: Treasurer
Address: Post Office Box 911
Ruston, Louisiana 71270
Telephone#: 318-255-1450
Fax #: 318-255-1425

FINANCIAL STATEMENTS

DIXIE CENTER FOR THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	198,258	
Unconditional Promises to Give		55,520	
Net Allowance of \$0		0	
Accounts Receivable		0	
Inventory		1,760	
Prepaid Expenses		1,097	
TOTAL CURRENT ASSETS		256,635	\$

PROPERTY & EQUIPMENT, NET		462,687	
(Accumulated Depreciation - \$17,090 & \$21,419)			

LONG TERM PROMISES TO GIVE		41,650	
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TOTAL ASSETS		760,972	\$
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LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$	8,020	
Payroll Tax Liability		14	
TOTAL CURRENT LIABILITIES		8034	\$

NET ASSETS

Unrestricted Net Assets		2,094	
Temporarily Restricted		290,986	
Permanently Restricted		459,859	
TOTAL NET ASSETS		752,939	\$

TOTAL LIABILITIES AND NET ASSETS		760,973	\$
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See the accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2004

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Fundraiser Income	\$	11,412	
Interest Income		417	
Miscellaneous Income		592	
Marquee Rental		2,190	
Advertising Donations		710	
Total		15,321	
Net Assets Released from Restrictions - Restrictions Satisfied by Payments		15,000	
Total Unrestricted Support and Revenue			30,321

EXPENSES

Advertising		484	
Dues		138	
Fundraising Expenses		4,781	
Depreciation		4,329	
Insurance		1,848	
Janitorial		575	
Miscellaneous		105	
Office		2,171	
Postage		559	
Supplies		91	
Wages		7,486	
Telephone and Utilities		2,762	
Taxes and Licences		573	
Repairs		351	
Promotional Materials		1,007	
Travel		292	
Executive Director Search		675	
Total Expenses		28,227	
INCREASE IN UNRESTRICTED NET ASSETS			2,094

TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Income from Contributions		179,681	
Grant - Ruston/Lincoln Convention and Visitors Bureau		15,000	
Net Assets Released from Restrictions for Payments of Expenses		(15,000)	
Expenditures for Renovations		(45,013)	
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS			134,668

PERMANENTLY RESTRICTED NET ASSETS

Expenditures for Renovations		45,013	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS			45,013

INCREASE IN NET ASSETS

			181,775
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NET ASSETS - BEGINNING

			571,164
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NET ASSETS - ENDING

	\$	752,939	
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See the accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Donations	\$	157,964	
Cash Received from Sales and Event Fees		11,412	
Cash Received from Rent of Marquee		2,265	
Grant Ruston/Lincoln Convention & Visitors Bureau		15,000	
Interest Income Received		417	
Advertising Donaions		710	
Cash Payments for Supporting Services		(15,805)	
Cash Payments for Employees		(7,486)	
Net Cash Provided by Operating Activities		<u>164,477</u>	\$ 164,477

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Renovation Costs		(45,013)	
Net Cash Used by Investing Activities		<u>(45,013)</u>	<u>(45,013)</u>

Net Increase in Cash		119,464	
Cash and Cash Equivalents at Beginning of Year		78,794	
Cash and Cash Equivalents at End of Year		<u>198,258</u>	<u>\$ 198,258</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Change in Net Assets		\$ 181,775	
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities			
Depreciation	\$	4,329	
Increase in Promises to Give		(21,717)	
Increase in Prepaid Expenses		(524)	
Increase in Property and Equipment		(2,192)	
Decrease in Inventory		962	
Decrease in Accounts Receivable		75	
Increase in Accounts Payable		1,769	
Total Adjustments		<u>(17,298)</u>	(17,298)
Net Cash Provided by Operating Activities		<u>164,477</u>	<u>\$ 164,477</u>

SUPPLEMENTAL DISCLOSURE

Noncash Investing Transaction			
Contributed Renovations to the Dixie Restoration Project		<u>None</u>	<u>\$ None</u>

See accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - HISTORY AND NATURE OF ACTIVITIES

Dixie Center for the Arts, Inc., was formed in 1997 to acquire and renovate the 1928 Dixie Theater and other local historic structures as part of the overall arts center strategy in the Ruston, Lincoln Parish, Louisiana area. In October 1997, the Dixie Center successfully acquired the Dixie Theater.

The Dixie Center encourages the interaction and participation of interested and capable people to assist in the restoration of the Dixie Theater. The Dixie Center also works to establish an arts complex in the downtown Ruston area and to promote the area as the arts center for North Central Louisiana.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounts and records of the Dixie Center for the Arts, Inc., are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Basis of Presentation

Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. The Dixie Center 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.

C. Public Support and Revenue

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

All donor-restricted contributions are reported as increases in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Public Support and Revenue (continued)

Unconditional promises to give are recognized as income as the promises are received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

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.

Conditional promises to give (matching promises to give) that do not meet the requirements of SFAS 116 are not recorded until the requirements of the match are met.

D. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Dixie Center considers cash and cash equivalents to be amounts in demand accounts, money market accounts and certificates of deposits with maturities of less than 90 days. The carrying amounts in the statement of financial position approximate fair values because of the short-term maturities of these financial instruments.

E. Inventory

Inventory consists of historic Dixie Theater prints. Inventory is recorded at cost and is reported as an expenditure at the time of sale or use for fund raising projects.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property and Equipment

Land, buildings, furniture, and equipment are stated at cost or at approximate fair value at the date of donation if donated. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis and recorded in the statement of activities. *Depreciation life ranges are 3 - 5 years for furniture and equipment.*

The Dixie Center building is on the National Register of Historic Places and is considered to be a historical treasure whose economic benefit or service potential is used up so slowly that estimated useful lives are extraordinarily long. The Dixie Center Theater is considered to have cultural, aesthetic and historical value that is worth preserving perpetually, and the Dixie Center has the ability to protect and preserve the asset. Consequently, no depreciation is to be recognized on the Dixie Center building and renovations. Funds expended for the Dixie Theater capital project are classified in the statement of net assets as permanently restricted net assets since the Dixie Theater's ownership and public access rights cannot be alienated per agreements with the City of Ruston.

G. Use of Estimates

The Dixie Center is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Taxes

The Dixie Center for the Arts, Inc., a nonprofit organization, is exempt from both federal and state income taxes, pursuant to U. S. Internal Revenue Code Section 501(c)(3). Revenues earned from its exempt purpose are not subject to income tax. For the year ended June 30, 2004, the Dixie Center had no unrelated earnings over the \$1,000 statutory exclusion.

I. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 3 - CASH

The Dixie Center deposits funds with a financial institution in the Ruston, Lincoln Parish area. Deposits are carried at cost, which approximates fair value. At June 30, 2003, the carrying amount of deposits was \$198,258 and the bank balance was \$199,137. The entire June 30, 2004 bank balance was covered by federal depository insurance.

NOTE 4 - DONATED SERVICES

The Dixie Center receives a significant amount of donated services from unpaid volunteers who assist in fund-raising. No amounts have been recognized in the statement of activities as the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 5 - CONTRIBUTIONS AND PROMISES TO GIVE

The majority of contributions and promises to give are received from a broad base of contributors residing in the Lincoln Parish and North Louisiana area. Contributions and promises to give resulting from restoration project campaigns are considered to be implicitly restricted for the Dixie restoration project. As funds are expended for the restoration project, the temporarily restricted net assets are reclassified to permanently restricted net assets if used for capital renovations and to unrestricted net assets if used for administrative restoration expenditures for the Dixie. All promises to give are evaluated by the Dixie Center's board for uncollectible promises receivable at year end. All promises are considered to be collectible, and no allowance is considered necessary.

Unconditional promises to give at June 30, 2004 consists of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Current promises to give due less than one year	\$55,520	\$55,520
Long term promises to give due in one-two years	\$41,650	\$41,650

A limited number of contributors participate in matching funds programs with their employers. These matching funds constitute conditional promises to give and are not recorded until the provisions of the matching gift program are met. Conditional promises to give at June 30, 2004 were \$1,250.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

Non-Depreciable Assets

Dixie Theater Building	\$90,550
Dixie Theater Lot	25,000
Corner Lot	25,400
Theater Renovations	<u>318,910</u>
Total Dixie Theater	459,860

Depreciable Assets

Furniture and Equipment	<u>22,055</u>
Total Property and Equipment	481,915
Less: Accumulated Depreciation On Furniture and Equipment	(<u>21,419</u>)
Net Property and Equipment	<u>\$460,496</u>

Depreciation expense on Furniture and Equipment for the year ended June 30, 2004 was \$4,329.

NOTE 7 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Expenditures for Dixie renovations & expenses	\$290,986
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Net Assets were permanently restricted for the following purposes:

Capital expenditures made for the Dixie Theater project	\$459,860
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DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 8 - COMMITMENTS AND AGREEMENTS

In the 2001 Regular Session, the State of Louisiana appropriated \$1,250,000 of its capital outlay budget to the City of Ruston, Louisiana for the project entitled *Dixie Center for the Arts, Restoration of 1928 Theater, Planning and Construction (\$838,000 Local Match) (Lincoln)*, in *Priority 1, FP&C Project No, 50-MQ2-99B-01* (the project). The State also provided for the issuance of State General Obligation Bonds of \$1,250,000 by the Bond Commission for the project in 2001. The State Bond Commission granted a cash line of credit for the project in the amount of \$1,250,000. The State funds are limited to capital improvements for the project.

On May 29, 2002, Dixie Center for the Arts, in association with the North Central Louisiana Arts Council (NCLAC), signed a Cooperative Endeavor Agreement with the City of Ruston, Louisiana to acknowledge and confirm that the project constitutes a public purpose and will fulfill need within Lincoln Parish pursuant to the Constitution of the State of Louisiana, and accordingly, the Dixie Center shall maintain permanent public access to the property on which the project is located and shall not transfer, convey, sell, mortgage, assign or otherwise alienate its ownership or easement rights in the land and improvements of the project. The City and the Dixie Center acknowledged and agreed that the funds provided by the State of Louisiana to the City shall be used solely for the purposes authorized and permitted by the document authorizing the funds.

In July 2002, the State of Louisiana Office of Facility Planning and Control (FP&C) and The City of Ruston, Louisiana signed a Cooperative Endeavor Agreement to set forth the terms of administering the project.

On June 17, 2002, the Dixie Center executed a contract with Van Dijk Westlake Reed Leskosky Architects for Phase 1 of the Dixie Center Renovation. Estimated construction costs of Phase 1 is \$1,600,000 with the architect's fee estimated to be \$204,000.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 8 - COMMITMENTS AND AGREEMENTS (Continued)

On May 16, 2003, the State of Louisiana Office of Facility Planning and Control authorized the City of Ruston, Louisiana to advertise the project for bids with certain requirements to be met which satisfy the *Non-State Entity Capital Outlay Administrative Guidelines*.

In March of 2004, the Dixie Center for the Arts, Inc., received bids for the Renovation of the Dixie Theater and construction of an addition. The low bid of three, was \$484,000 over the total construction budget. With the encouragement and approval of Facility Planning and Control, the DCA entered into negotiations and redesign with the low bidder, Lincoln Builders of Ruston and the project architect. Because of the extent of redesign necessary and purchasing the rights to unused plans the contract with Westlake Reed Leskosky was increased by \$34,000.00, in June of 2004. As a result of the redesign, the low bid of \$2,184,000 was lowered to \$1,613,000, which was within the \$1,700,000 budget submitted to Facility Planning & Control as a part of the Cooperative Endeavor Agreement. In December 2004, the DCA signed a contract for the low bid of \$2,184,000 and simultaneously executed a Change Order reducing the contract amount by \$571,000 to \$1,613,000 and the contract time by four months, with the approval of Facility Planning and Control. The Dixie Center had expended \$185,676 in architects fees as of June 30, 2004 with estimated commitments of approximately \$52,324 remaining to be paid.

In February of 2005, the Dixie Center for the Arts, Inc. signed an "Amendment of Agreement" with the State of Louisiana, through Facility Planning & Control in the Division of Administration, which changed the entity designee in the Cooperative Endeavor Agreement with the State of Louisiana from the City of Ruston to the Dixie Center for the Arts, Inc.

The Dixie Center contracts with the North Central Louisiana Arts Council (NCLAC) for labor, services and facility arrangements. The Dixie Center and NCLAC share certain operating expenses and staffing of the Dixie Center. The Dixie Center provides NCLAC with office space.

The Dixie Center has arranged for Construction and Renovation financing of up to \$120,000 with Community Trust Bank. These funds may be used only for Permanently Restricted Net Asset purposes.

DIXIE CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 9 - CONTINGENCY

On July 8, 2002, the State of Louisiana Department of Environmental Quality (LDEQ) notified the Dixie Center of environmental contamination in the vicinity of the Dixie Center's corner lot. LDEQ has detected gasoline contamination in the subsurface soil and groundwater from what they have determined was a leaking underground storage tank system on the property. The LDEQ installed a monitoring well in August of 2002 on the corner lot. A proposal for corrective action alternatives and a request for funding have been filed with the Louisiana Motor Fuel Underground Storage Tank (UST) Trust Fund for approval of the best remediation technology which will address the cleanup and corrective action plan. The Dixie Center expects all of the corrective costs to be funded by the State of Louisiana. The DEQ, through its local office, has authorized the DCA to construct the necessary load-in and electrical equipment building in the southeast corner of the corner lot.