

**EMY-LOU BIEDENHARN FOUNDATION  
MONROE, LOUISIANA**

**FINANCIAL REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**

EMY-LOU BIEDENHARN FOUNDATION

FINANCIAL REPORT  
DECEMBER 31, 2012 AND 2011

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## Independent Auditors' Report

September 25, 2013

To the Executive Board  
Emy-Lou Biedenharn Foundation  
Monroe, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Emy-Lou Biedenharn Foundation (a private foundation), which comprise the statements of financial position as of December 31, 2012 and 2011, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation in the financial statements.

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

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To the Executive Board  
Emy-Lou Biedenharn Foundation  
September 25, 2013  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emy-Lou Biedenharn Foundation as of December 31, 2012 and 2011, 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.

***Other Matters***

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 16 – 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2013, on our consideration of Emy-Lou Biedenharn Foundation's internal control over financial reporting and on 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 in considering Emy-Lou Biedenharn Foundation's internal control over financial reporting and compliance.

Heard, M<sup>o</sup> Choy + Vestal, LLC

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2012	2011
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 301,329	\$ 143,726
Receivables	8,453	86,126
Inventory	57,419	50,166
Investments	2,200,595	2,432,337
Prepaid expenses	102,316	83,744
Total Current Assets	<u>2,670,112</u>	<u>2,796,099</u>
Restricted Cash	-	186,795
Property and Equipment, net	<u>4,955,578</u>	<u>5,175,694</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,625,690</u></u>	<u><u>\$ 8,158,588</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current Liabilities		
Accounts payable	\$ 4,636	\$ 12,778
Accrued payroll taxes	1,034	1,075
Accrued interest payable	-	43,942
Accrued compensated absences	2,766	2,290
Current portion of long-term debt	-	435,000
Total Current Liabilities	<u>8,436</u>	<u>495,085</u>
Long-term Debt	<u>-</u>	<u>2,495,000</u>
Total Liabilities	8,436	2,990,085
Net Assets		
Unrestricted	<u>7,617,254</u>	<u>5,168,503</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,625,690</u></u>	<u><u>\$ 8,158,588</u></u>

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

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF ACTIVITIES

	YEAR ENDED DECEMBER 31	
	2012	2011
UNRESTRICTED NET ASSETS		
Unrestricted Support, Revenues, and Gains		
Contributions	\$ 2,242	\$ 569
Program service fees	114,799	130,304
Investment return	103,238	72,237
Trust	3,364,128	1,093,618
Other	7,773	8,800
Total Unrestricted Support, Revenues, and Gains	<u>3,592,180</u>	<u>1,305,528</u>
Expenses		
Program Services		
Charitable contributions	-	5,000
Conservator	4,139	463
Education	15,600	32,670
Exhibits and programs	5,920	1,337
Marketing	18,002	15,478
Store and vending	51,055	54,445
Personnel	323,737	321,165
Support Services		
Maintenance	106,346	69,341
Depreciation	244,531	254,329
Insurance	131,963	121,480
Federal excise and income taxes	1,226	(2,000)
Office	8,278	7,329
Professional services	58,257	64,213
Security	4,691	5,917
Telephone	12,574	12,124
Utilities	45,843	54,586
Interest on long-term debt	111,267	138,067
Total Expenses	<u>1,143,429</u>	<u>1,155,944</u>
Increase (Decrease) in Unrestricted Net Assets	2,448,751	149,584
NET ASSETS - BEGINNING OF YEAR	<u>5,168,503</u>	<u>5,018,919</u>
NET ASSETS - END OF YEAR	<u>\$ 7,617,254</u>	<u>\$ 5,168,503</u>

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

## EMY-LOU BIEDENHARN FOUNDATION

## STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 2,448,751	\$ 149,584
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	244,531	254,329
Net realized and unrealized gains from investments	(57,900)	(21,848)
(Increase) decrease in operating assets		
Accounts receivable	77,673	(22,575)
Inventory	(7,253)	(3,296)
Prepaid expenses	(18,572)	(1,514)
Increase (decrease) in operating liabilities		
Accounts payable	(8,142)	3,265
Accrued payroll taxes	(41)	651
Accrued interest payable	(43,942)	(6,224)
Accrued compensated absences	476	(2,727)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,635,581</u>	<u>349,645</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	660,895	1,269,710
(Increase) decrease in sweep account funds	250,757	(1,079,122)
Purchases of investments	(622,010)	-
Purchases of property and equipment	(24,415)	(40,868)
Decrease in restricted cash	186,795	2,163
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>452,022</u>	<u>151,883</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long-term debt	(2,930,000)	(415,000)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(2,930,000)</u>	<u>(415,000)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	157,603	86,528
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>143,726</u>	<u>57,198</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 301,329</u>	<u>\$ 143,726</u>

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

## EMY-LOU BIEDENHARN FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature of Operations

Emy-Lou Biedenharn Foundation (a private foundation) was incorporated under the laws of Louisiana on December 20, 1967. The purpose of the Foundation is to support benevolent, charitable and educational undertakings, which are aesthetic, biblical, educational, or musical in purpose. The Foundation primarily supports the operations of The Biedenharn Museum and Gardens which are comprised of a historic home, the formal gardens, Bible Museum and Coke Museum. The Foundation is supported primarily through admissions, grants, donor contributions and the Emy-Lou Biedenharn Foundation Endowment Trust. Approximately 94% and 84% of the Foundation's support for the years ended December 31, 2012 and 2011, respectively, came from the Emy-Lou Biedenharn Foundation Endowment Trust.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence 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 in the calendar year in which the contributions are received. 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, either by passage of time or by use, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change of net assets. Investment income and net realized gains and losses are reported as increases in unrestricted net assets in the reporting period in which the income and net realized gains and losses are recognized. Both investment income and net realized and unrealized gains and losses are reported on the Statements of Activities.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. The Foundation began the sale of books in March, 1994. A Museum Store was added in 2008.



EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Property and Equipment

Property and Equipment are stated at cost or fair value at date of donation. Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Property and Equipment are depreciated using the straight-line method using the following useful lives:

Buildings	30 years
Building improvements	10-18 years
Autos & trucks	3 years
Equipment	5-7 years
Renovations	19-31.5 years
Landscaping renovations	7-10 years
Furniture and fixtures	5-10 years
Books	10-20 years
Collectibles	15 years
Portraits and pictures	10-20 years

Advertising Costs

The Foundation expenses non-direct response advertising costs as incurred. Advertising expense totaled \$12,336 and \$9,096 for the years ended December 31, 2012 and 2011, respectively.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Use of Accounting Estimates

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

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 2 – CASH FLOW INFORMATION

Supplemental disclosures of cash flow information:

	<u>2012</u>	<u>2011</u>
Cash paid during the year for:		
Interest	<u>\$ 155,209</u>	<u>\$ 144,291</u>

NOTE 3 – CASH

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents consist of the following:		
Petty cash	\$ 1,000	\$ 1,000
JPMorgan Chase Bank, N.A. – checking	<u>300,329</u>	<u>142,726</u>
Total cash and cash equivalents	301,329	143,726
Restricted cash	<u>-</u>	<u>186,795</u>
Total cash	<u>\$ 301,329</u>	<u>\$ 330,521</u>

Restricted cash consists of funds required to pay long-term debt. The Foundation is required to deposit into separate accounts on a monthly basis 1/6<sup>th</sup> of the semi-annual amount due for interest and principal on their long-term debt. All long-term debt was paid off in 2012, and the restricted cash accounts were closed.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and consist of the following:

	<u>2012</u>	
	<u>Cost</u>	<u>Market</u>
JPMorgan U.S. Treasury Money Market Fund	\$ 901,578	\$ 901,578
12,724 Opportunity Fund LP	13,387	22,528
683 Global Access Hedge Fund Strategies	750,000	795,429
12,143 Payden High Income Fund	86,462	89,376
3,578 Doubleline Funds Trust	40,148	40,542
9,991 JPM High Yield Fund	78,632	81,329
7,726 JPMorgan Tri Float Rate Income 4.24%	75,867	77,180
9,095 Pimco Total Return Fund	105,804	102,225
2,567 JPM International Currency Income Fund	28,441	28,929
1,223 Dreyfus Laurel Emerging Market Debt LOC	17,412	18,757
3,891 Pimco Emerging Local Bond Fund	39,570	42,722
	<u>\$ 2,137,301</u>	<u>\$ 2,200,595</u>

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 4 – INVESTMENTS (Continued)

	<u>2011</u>	
	<u>Cost</u>	<u>Market</u>
JPMorgan U.S. Treasury Money Market Fund	\$ 1,152,335	\$ 1,152,335
16,961 Opportunity Fund LP	17,845	27,602
750 Global Access Hedge Fund Strategies	750,000	746,132
25,000 FNMA 4.75% due 2/21/2013	24,988	26,258
25,000 U.S. Treasury Notes 4% due 2/15/2014	25,899	26,961
80,000 U.S. Treasury Notes 4% due 2/15/2015	85,797	88,850
65,000 U.S. Treasury Notes 5.125% due 5/15/2016	72,769	77,345
70,000 FNMA 5.375% due 7/15/2016	77,028	83,335
75,000 U.S. Treasury Notes 4.5% due 5/15/2017	79,550	88,952
45,000 U.S. Treasury Notes 3.375% due 11/15/2019	43,522	51,296
55,000 U.S. Treasury Notes 3.5% due 5/15/2020	58,700	63,271
	<u>\$ 2,388,433</u>	<u>\$ 2,432,337</u>

Unrealized appreciation was \$63,294 and \$43,904 at December 31, 2012 and 2011, respectively.

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Interest income	\$ 21,671	\$ 39,511
Dividend income	23,303	10,878
Non-dividend distributions	364	-
Net realized and unrealized gains and losses	57,900	21,848
Total investment return	<u>\$ 103,238</u>	<u>\$ 72,237</u>

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 5 – FAIR VALUE MEASUREMENTS

The Foundation adopted FASB ASC 820-10-50-1 which requires disclosures that stratify Statement of Financial Position amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2012 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
JPMorgan Money Market Fund	\$ 901,578	\$ -	\$ -	\$ 901,578
Opportunity Fund LP	-	22,528	-	22,528
Global Access Hedge Fund	-	795,429	-	795,429
Mutual Funds	<u>-</u>	<u>481,060</u>	<u>-</u>	<u>481,060</u>
Totals	<u>\$ 901,578</u>	<u>\$1,299,017</u>	<u>\$ -</u>	<u>\$2,200,595</u>

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2011 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
JPMorgan Money Market Fund	\$1,152,335	\$ -	\$ -	\$1,152,335
Opportunity Fund LP	-	27,602	-	27,602
Global Access Hedge Fund	-	746,132	-	746,132
U.S. Government Bonds	-	<u>506,268</u>	-	<u>506,268</u>
Totals	<u>\$1,152,335</u>	<u>\$1,280,002</u>	<u>\$ -</u>	<u>\$2,432,337</u>

NOTE 6 - RECEIVABLES

	<u>2012</u>	<u>2011</u>
Receivables consist of the following:		
Dividends	\$ 1,460	\$ 3
CVB grant	-	1,500
Federal excise taxes	3,633	5,844
LA citizens property insurance corporation assessment	3,360	-
Emy-Lou Biedenharn Foundation Endowment Trust	<u>-</u>	<u>78,779</u>
Totals	<u>\$ 8,453</u>	<u>\$ 86,126</u>

The Foundation's accounts receivable are stated at the amount management expects to collect from outstanding balances. If necessary, management provides for probable uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has concluded that a valuation allowance is unnecessary due to the stability of the client base and the monitoring of outstanding balances.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 7 – PROPERTY AND EQUIPMENT

	2012		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Assets:			
Land	\$ 85,567	\$ -	\$ 85,567
Buildings	643,908	349,179	294,729
Building improvements	317,940	264,585	53,355
Autos and trucks	7,522	7,522	-
Equipment	161,917	130,425	31,492
Renovations	6,190,912	1,859,469	4,331,443
Landscaping renovations	147,422	135,472	11,950
Furniture and fixtures	250,816	205,468	45,348
Books	94,974	84,526	10,448
Collectibles	14,935	332	14,603
Portraits and pictures	<u>123,490</u>	<u>46,847</u>	<u>76,643</u>
Total	<u>\$ 8,039,403</u>	<u>\$ 3,083,825</u>	<u>\$ 4,955,578</u>
	2011		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Assets:			
Land	\$ 85,567	\$ -	\$ 85,567
Buildings	643,908	337,849	306,059
Building improvements	316,485	255,306	61,179
Autos and trucks	7,522	7,522	-
Equipment	161,365	116,725	44,640
Renovations	6,190,912	1,678,015	4,512,897
Landscaping renovations	147,422	130,383	17,039
Furniture and fixtures	243,343	192,176	51,167
Books	94,974	81,998	12,976
Portraits and pictures	<u>123,490</u>	<u>39,320</u>	<u>84,170</u>
Total	<u>\$ 8,014,988</u>	<u>\$ 2,839,294</u>	<u>\$ 5,175,694</u>

Depreciation expense totaled \$244,531 and \$254,329 for the years ended December 31, 2012 and 2011, respectively.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 8 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation has concentrated its risk for cash by maintaining deposits in one bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2012 and 2011. The excess of the deposit liabilities reported by the bank over the amounts covered by federal insurance totaled \$56,762 and \$74,030 at December 31, 2012 and 2011, respectively.

NOTE 9 – INCOME TAXES

The Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Service Code Section 501 (c) (3) and is classified by the Internal Revenue Service as a private foundation. However, any unrelated business taxable income of the Foundation is subject to ordinary corporate income tax rates ranging from 15% to 39%. Since the Foundation is classified as a private foundation it is subject to Federal excise tax on net investment income at rates up to 2%. Federal excise and unrelated business income taxes are reported on the Statements of Activities net of prior year overpayments.

The Foundation, as required by accounting standards, reviewed its various tax positions taken or expected to be taken in its tax returns and has determined it does not have unrecognized tax benefits and the Foundation does not expect that position to change significantly over the next twelve months. The Foundation will recognize interest and penalties on any unrecognized tax benefits as a component of Federal excise and income taxes expense. As of December 31, 2012 and 2011, the Foundation has not accrued interest or penalties related to uncertain tax positions.

The Foundation is no longer subject to income tax examinations by tax authorities for years before 2009.

NOTE 10 – COMPENSATED ABSENCES

Full-time employees of the Foundation are entitled to both vacation and sick pay. Effective July 1, 2009, vacation pay is accrued at a rate of 40 hours per year for the first 2 years of service. Between 3 and 10 years of service, the rate increases to 80 hours per year. After 10 years of service, the rate increases to 120 hours per year. Vacation time must be used within 12 months of its accrual. Unused vacation time is paid upon termination. Sick pay is accrued at a rate of 2 hours per month upon completion of 6 months service. Sick pay cannot be carried over. The accrual for compensated absences totaled \$2,766 and \$2,290 for the years ended December 31, 2012 and 2011, respectively.

## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 11 – LONG-TERM DEBT

The Foundation entered into a loan agreement with Monroe-West Monroe Convention and Visitors Bureau on September 1, 2007. The Foundation received a \$4,500,000 loan to assist them in renovations, additions and improvements to the Biedenharn Museum & Gardens in Monroe, Louisiana. The Monroe-West Monroe Convention and Visitors Bureau received Revenue Bonds, Series 2007, to assist the Foundation in this matter. The Foundation pledges revenues until this loan agreement has been paid in full. Interest on the loan is charged at a rate of 4.45%, with interest and principal payments due in semi-annual payments on March 1 and September 1 of each year. The maturity date of this loan is September 1, 2017.

On December 1, 2011 the loan agreement between Monroe-West Monroe Convention and Visitors Bureau and the Foundation was amended and restated to remove the debt service ratio coverage requirement set forth therein. JPMorgan Chase Bank as sole owner of the bonds provided its written consent and authorization to the amendment.

On December 7, 2012, the Foundation repaid in total the remaining balance owed on the bonds.

NOTE 12 – PENSION PLAN

The Foundation has a 403(b) defined contribution salary deferral plan covering substantially all full-time employees. Under the plan, the Foundation contributes three percent of each eligible employee's salary. Plan expenses incurred by the Foundation were \$3,631 and \$4,583 for the years ended December 31, 2012 and 2011, respectively.

NOTE 13 – EMPLOYEE BENEFITS

The Foundation pays 70% of the hospitalization insurance premiums for all full-time employees and 25% of participating employees' family hospitalization insurance premiums. The Foundation's portion of hospitalization insurance premiums paid were \$4,494 and \$16,698 for the years ended December 31, 2012 and 2011, respectively.



## EMY-LOU BIEDENHARN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012 AND 2011NOTE 14 – EMY-LOU BIEDENHARN FOUNDATION ENDOWMENT TRUST

Emma Louise Biedenharn created the Emy-Lou Biedenharn Foundation Endowment Trust (Trust) on December 3, 1969 which provides the Foundation's major source of income. The Trust is held and administered by JP Morgan Chase Trust Company and is neither in possession of nor under control of the Foundation. Income from the Trust is required to be distributed to the Foundation annually. Prior to 2012, distributions from the Trust were generally made in December of each year. Beginning in 2012, distributions equal to 95% of the cumulative Trust income are paid quarterly. In December 2012, the Trust made an additional distribution of \$2,524,607 that was used to retire in total the unpaid balance of the Monroe-West Monroe Convention and Visitors Bureau Revenue Bonds, Series 2007. Income from the Trust totaled \$3,364,128 in 2012 and \$1,093,618 in 2011. A receivable in the amount of \$78,779, which represents the unpaid balance of the required minimum distribution from the Trust for 2011, is included in Receivables on the Statements of Financial Position at December 31, 2011. Excess accumulated distributions by the Trust to the Foundation total \$2,595,992 as of December 31, 2012.

NOTE 15 – RISK OF LOSS

The Foundation is exposed to a variety of risks that may result in losses. The risks may include, but are not limited to, possible losses from acts of God, injury to employees, property damage or breach of contract. The Foundation mitigates these potential losses through the purchase of property and liability insurance with the level of coverage being constant. There are no known claims against the Foundation.

NOTE 16 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 25, 2013, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent events as of this date.

SUPPLEMENTARY INFORMATION

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES

	YEAR ENDED DECEMBER 31	
	<u>2012</u>	<u>2011</u>
PROGRAM SERVICES		
Conservator:		
Conservation supplies	\$ 194	\$ 39
Conservator services	3,539	-
Miscellaneous	406	424
Total Conservator Expenses	<u>\$ 4,139</u>	<u>\$ 463</u>
Education:		
Christmas	\$ 8,141	\$ 7,907
Postage	990	1,190
Professional library	-	64
Publication and print	140	6,883
Receptions	89	184
School programs	82	298
Special events	1,186	9,672
Symposium	4,972	6,472
Total Education Expenses	<u>\$ 15,600</u>	<u>\$ 32,670</u>
Exhibits and Programs:		
Exhibit design	\$ 977	\$ 1,337
Exhibit implementation	3,538	-
Miscellaneous	48	-
Program planning	1,357	-
Total Exhibits and Programs Expenses	<u>\$ 5,920</u>	<u>\$ 1,337</u>

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

	YEAR ENDED DECEMBER 31	
	2012	2011
PROGRAM SERVICES (Continued)		
Marketing:		
General brochure	\$ 2,633	\$ 3,662
Newspapers	12,336	9,096
Other media and photo	3,033	2,720
Total Marketing Expenses	<u>\$ 18,002</u>	<u>\$ 15,478</u>
Store and Vending:		
Cash short (over)	\$ -	\$ 33
Cost of sales - store	33,733	38,899
Cost of sales - vending	8,372	7,441
Fixtures and displays	614	261
Merchant fees	1,971	2,667
Printing and postage	112	108
Sales tax	(44)	(65)
Supplies	1,233	1,211
Travel	5,064	3,890
Total Store and Vending	<u>\$ 51,055</u>	<u>\$ 54,445</u>
Personnel:		
Salaries	\$ 261,013	\$ 271,493
Payroll taxes	21,245	21,819
Fringe benefits	8,124	21,281
Staff development	2,278	1,505
Temporary labor	30,426	4,568
Miscellaneous - mileage	651	499
Total Personnel Expenses	<u>\$ 323,737</u>	<u>\$ 321,165</u>

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

	YEAR ENDED DECEMBER 31	
	<u>2012</u>	<u>2011</u>
SUPPORT SERVICES		
Maintenance		
Building inside repairs	\$ 7,017	\$ 8,133
Facilities maintenance	27,612	5,382
Facility room rental expense	827	63
Garden equipment	582	1,964
Garden equipment repair	4,759	1,438
Garden repairs	1,385	7,281
Garden supplies	5,051	6,871
Heating/AC	14,009	13,476
Janitorial	2,919	776
Light bulbs	491	1,061
Miscellaneous facilities	1,114	1,490
Pest control	2,120	2,843
Plants and bulbs	5,816	7,721
Sprinkler system	1,530	1,807
Supplies	3,438	4,365
Tree removal	22,000	-
Vehicle	1,159	1,212
Weed control	4,517	3,458
Total Maintenance Expenses	<u>\$ 106,346</u>	<u>\$ 69,341</u>
Insurance:		
Business auto	\$ 2,294	\$ 2,294
Directors and officers liability	6,922	6,881
Property	104,184	94,544
Umbrella	13,129	13,129
Worker's compensation	5,434	4,632
Total Insurance Expenses	<u>\$ 131,963</u>	<u>\$ 121,480</u>

## EMY-LOU BIEDENHARN FOUNDATION

## SCHEDULES OF SELECTED PROGRAM AND SUPPORT SERVICES EXPENSES (Continued)

	YEAR ENDED DECEMBER 31	
	2012	2011
SUPPORT SERVICES (Continued)		
Office:		
Bank charges	\$ -	\$ (18)
Bond administration fees	2,500	2,500
Dues and subscriptions	602	1,037
Miscellaneous	276	188
Postage	657	769
Supplies	4,243	2,853
Total Office Expenses	<u>\$ 8,278</u>	<u>\$ 7,329</u>
Professional services:		
Consultant fees - Hilliard	\$ 18,250	\$ 15,250
Fees and audit	21,254	24,757
Legal fees	627	4,395
Odenwald	7,795	7,757
Planning	1,012	-
Portfolio fees - agency	9,319	12,054
Total Professional Services Expenses	<u>\$ 58,257</u>	<u>\$ 64,213</u>
Telephone:		
CenturyLink	\$ 8,868	\$ 9,995
Internet fees	3,706	2,129
Total Telephone Expenses	<u>\$ 12,574</u>	<u>\$ 12,124</u>
Utilities:		
Electricity	\$ 34,635	\$ 39,803
Garbage pickup	126	44
Gas	2,169	4,423
Water	8,913	10,316
Total Utilities Expenses	<u>\$ 45,843</u>	<u>\$ 54,586</u>

OTHER INDEPENDENT AUDITORS' REPORT

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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

September 25, 2013

Independent Auditors' Report

To the Executive Board  
Emy-Lou Biedenharn Foundation  
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; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of Emy-Lou Biedenharn Foundation (a private foundation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Emy-Lou Biedenharn Foundation's internal control over financial reporting 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 Emy-Lou Biedenharn Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Emy-Lou Biedenharn Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management and 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 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.

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To the Executive Board  
Emy-Lou Biedenharn Foundation  
September 25, 2013  
Page 2 of 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Emy-Lou Biedenharn Foundation'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.

### **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 entity's internal control or compliance. for the information and use of the executive board, management, and the agencies granting funds to the Foundation, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Heard, M. E. & Vestal, LLC*

## EMY-LOU BIEDENHARN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

We have audited the financial statements of Emy-Lou Biedenharn Foundation (a private foundation) as of and for the year ended December 31, 2012, and have issued our report thereon dated September 25, 2013. 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 December 31, 2012 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Reports

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

Internal Control – No material weaknesses were noted; a management letter was issued.

Compliance – No material noncompliance was noted.

## b. Federal Awards – Emy-Lou Biedenharn Foundation was not subject to a federal single audit for the year ended December 31, 2012.

Section II – Financial Statement Findings

No matters were reported.

EMY-LOU BIEDENHARN FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

No significant deficiencies, material weaknesses, or instances of material noncompliance were noted in the prior year.