

ST. JOSEPH ARTS, INC.

Financial Statements

Year Ended June 30, 2004

with

Accountant's Report

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 2-2-05

**ST. JOSEPH ARTS, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL STATEMENTS:	
Accountant's Report	1
Statement of Assets, Liabilities, and Net Assets-Cash Basis	2
Statement of Support, Revenue and Expenses-Cash Basis	3-4



ACCOUNTANT'S REPORT


Board of Directors
St. Joseph Arts, Inc.
St. Joseph, Louisiana

We have compiled the accompanying statement of assets, liabilities, and net assets-cash basis of St. Joseph Arts, Inc. (a non-profit organization) as of June 30, 2004, and the related statement of support, revenue and expenses-cash basis for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, net assets, support, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated December 23, 2004, on the results of our agreed-upon procedures.


Vicksburg, Mississippi
December 23, 2004

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

110 MONUMENT PLACE • POST OFFICE BOX 821568 • VICKSBURG, MISSISSIPPI 39182-1568 • TELEPHONE (601) 636-4762 • FAX (601) 636-9476
email: info@maycpa.com • website: www.maycpa.com

ST. JOSEPH ARTS, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS-
CASH BASIS
JUNE 30, 2004

Assets

Current Assets:	
Cash and cash equivalents	<u>\$ 11,168</u>
Fixed Assets:	
Fixed assets, net	392,534
Land	<u>37,500</u>
Total fixed assets	<u>430,034</u>
Total assets	<u><u>\$ 441,202</u></u>

Liabilities and Net Assets

Current Liabilities:	
Payroll liabilities	\$ 1,695
Current portion of long-term debt	<u>12,183</u>
Total current liabilities	<u>13,878</u>
Long-Term Liabilities, net of current portion	<u>258,783</u>
Net Assets:	
Unrestricted	<u>168,541</u>
Total liabilities and net assets	<u><u>\$ 441,202</u></u>

See Accountant's Report

ST. JOSEPH ARTS, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES-
CASH BASIS
YEAR ENDED JUNE 30, 2004

Support and Revenue:	
Admissions and memberships	\$ 23,830
Concert sponsors	3,850
Concessions	2,321
Contracted services	8,970
Corporate support	2,800
Better Health for the Delta grant	12,375
State grants	87,732
Rent income	39,300
Other support and revenues	15,656
Teaching studio	4,766
Total support and revenue	<u>201,600</u>
Expenses:	
Grant programs:	
Better Health for Delta grant	<u>12,074</u>
Total grant program	
Art programs:	
Contract labor-professional artist	28,792
Depreciation	13,291
Interest expense	28,267
Marketing	5,544
Miscellaneous	143
Orchestra	2,922
Rental and maintenance	3,535
Teaching studio expense	159
Travel	1,052
Total art program	<u>83,705</u>
Total program expenses	<u>95,779</u>
Administrative	<u>26,756</u>
Total expenses	<u>122,535</u>

Continued

ST. JOSEPH ARTS, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES-CONTINUED
CASH BASIS
JUNE 30, 2004

Change in net assets	79,065
Net assets as of beginning of year	<u>89,476</u>
Net assets as of end of year	<u><u>\$ 168,541</u></u>

See Accountant's Report

ST. JOSEPH ARTS, INC.

Agreed Upon Procedure

Year Ended June 30, 2004



**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Board of Directors
St. Joseph, Arts, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of St. Joseph Arts, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about St. Joseph Arts, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2004 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

- Determine the amount of Federal, state, and local award expenditures for the fiscal year, by grant and grant year.

<u>Grant Name</u>	<u>Grant Year</u>	<u>Amount</u>
Better Health for the Delta Grant Community Encourager CFDA Number 93.912	09/03-08/04	\$12,074
St. Joseph Region Cultural Multi-Use Facility Office of State Parks FP&C Project 06-264-99B-25	07/03-06/04	83,570
Total Expenditures		<u>\$95,644</u>

- For each Federal, state, and local award we randomly selected six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

3. For the items selected in procedure 2, we traced the six disbursements for each grant to supporting documentation as to the proper amount and payee.

We examined supporting documentation for each of the twelve selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

Six of the payments were properly coded to the correct fund and general ledger account. Six payments which should have been coded to fixed assets were improperly coded to an expense account.

5. For the items selected in procedure 2, we determined whether the six disbursements from each grant received approval from the proper authorities.

Inspection of documentation supporting each of the twelve selected disbursements indicated six of the disbursements were approved by the Business Manager and one was approved by the President. The remaining five disbursements were not approved. None of the disbursements were approved in the minutes

6. For the items selected in procedure 2, we determined whether the disbursement from the state and local award complied with the grant agreement relating to:

- **Activities allowed or unallowed**
We reviewed the previously listed disbursements for types of services allowed or not allowed. We found no unallowed disbursements.
- **Eligibility**
We reviewed the previously listed disbursements for eligibility requirements. We found no ineligible disbursements.
- **Reporting**
We reviewed the previously listed disbursements for reporting requirements. We found no reporting issues.

7. No grants closed out during the year.

Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as require by LSA-RS 42:1 through 42:12 (the open meetings law).

St. Joseph Art, Inc. is only required to post a notice of each meeting and accompanying agenda on the door of their office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

St. Joseph Arts, Inc. provided comprehensive budgets to Area Health Education Center for the Better Health for the Delta Community Encourager grant. No budget could be located for the St. Joseph Region Cultural Multi-Use Facility grant

-
10. No prior year suggestions were made.
-

We were not engaged to, and did not perform an audit, the objection of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

St. Joseph Arts, Inc.
Agreed Upon Procedure
Page 4

This report is intended solely for the use of management of St. Joseph Arts, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedure for their purposes. Under Louisiana Revise Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

May + Company

Vicksburg, Mississippi
December 23, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

12/29/04 (Date Transmitted)

May & Company, LLP
110 Monument Place
P.O. Box 821568
Vicksburg, MS 39182-1568 (Auditors)

In connection with your review of our financial statements as of JUNE 30, 2004 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [x] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes [x] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [x] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u><i>Andrea Stinson</i></u>	Secretary	<u>12/28/04</u>	Date
<u><i>Ray Stankovic</i></u>	Treasurer	<u>12/28/04</u>	Date
<u><i>Jack M. Johnson, Jr.</i></u>	President	<u>12/28/04</u>	Date

BOARD OF DIRECTORS

- Jack Grace, President
- Skip Hawkins, Pres. Elect
- E. C. Loffin, 1st Vice Pres.
- Patrick Gilfoil, 2nd Vice Pres.
- Gene Burris, Vice Pres. Sp. Events
- Sandy Shugars, Secretary
- Faye Dandridge, Treasurer
- Barbara Bagley
- Richard Blanche
- Anna Brakenridge
- Ruth Buckner
- George Comer
- Fr. Bob Cooper
- Mariah Cooper
- Joyce Crawford
- Beverly Curtis
- Nancy Eidt
- Lorraine Francis
- Dr. Herman Gibson
- Patrick Gilfoil
- Diana Glaze
- Mary K. Gregory
- Mac Hazlip
- Jerome Holmes, Jr.
- Harold House
- Sandra Hyman
- Howard M. Jones, Jr.
- Louise Jones
- Britt Keahey
- Lealie Lee
- Sandy Lee
- Aileen McIntosh
- Agnes Miller
- Daniel O'Belrne
- Martha Perkins
- Robert Sasser
- Sue Simpson

Saint Joseph Arts, Inc.
 318-766-3344
 Fax: 318-766-3340
 E-mail: stjoarts@stjoarts.com
<http://www.stjoarts.com>



Saint Joseph Arts, Inc.

Saint Joseph Orchestra and Ensembles P.O. Box 409 St. Joseph, LA 71366

CORRECTIVE ACTION PLAN

December 28, 2004

Louisiana Legislative Auditor
 1600 North Third Street
 P.O. Box 94397
 Baton Rouge, LA 70804-9397

St. Joseph Arts, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm: May & Company, Post Office Box 821568, Vicksburg, Mississippi 39182.

Agreed upon procedure period: June 30, 2004.

The findings from the June 30, 2004. schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Reportable Conditions

04-1 Item not properly capitalized

Recommendation: St. Joseph Arts, Inc. will develop a capitalization policy to determine when grant disbursements should be capitalized.

04-2 Disbursements not properly approved

Recommendation: The business manager and President of the board will approve all requests for disbursements.

Notation: Standing policy of the Board of Directors of Saint Joseph Arts, Inc., according to the bylaws, is that disbursements greater than \$500 must carry a purchase order and two signatures on checks. This has been done.

The disbursement requests have been signed by the Authorized Officer for the project, however there has been a failure to have the copies signed. This will be attended to in the future.

Page Two


04-3 Lack of providing comprehensive budgets to agencies

Recommendation: St. Joseph Arts, Inc. will provide comprehensive budget to all grant agencies including the purpose, duration, specific goals and objectives and measures of performance.

Notation: Saint Joseph Arts, Inc. has provided comprehensive budgets where requested by the granting agency. The State Facility Planning and Control has not given that as a requirement to Saint Joseph Arts directly. The entire amount of the \$260,000 grant is being disbursed on a presentation of invoice and disbursement request from the architects and engineers for planning funds. The initial budget was submitted to FP&C by the Architects Ashe, Broussard and Weinzettle. Funds are being disbursed on invoice as per that initial budget.

If the Louisiana Legislative Auditor has questions regarding this plan, please call me at (318) 766-3344.

Sincerely yours,



Cecil Evans
Business Manger