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SHREVEPORT OPERA  
Shreveport, Louisiana

Financial Statements  
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 2/2/05

Marsha O. Millican  
Certified Public Accountant  
Shreveport, Louisiana

SHREVEPORT OPERA

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**Marsha O. Millican**  
**CERTIFIED PUBLIC ACCOUNTANT**

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Shreveport Opera  
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Shreveport Opera (a nonprofit organization) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Shreveport Opera's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shreveport Opera at June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2004, on my consideration of Shreveport Opera's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

*Marsha O. Millican*

Certified Public Accountant  
December 14, 2004

B10 WILKINSON  
SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641

## EXHIBIT A

## SHREVEPORT OPERA

## Statement of Financial Position

June 30, 2004

## ASSETS

## CURRENT ASSETS

Cash and Cash Equivalents	\$ 164,495
Accounts Receivable	4,725
Prepaid Expenses	<u>15,536</u>
Total Current Assets	184,756

## PROPERTY AND EQUIPMENT (Net)

4,760

## OTHER ASSETS

Assets Restricted for Endowment	136,471
Assets Restricted for Charitable Annuity	<u>39,988</u>

## Total Assets

\$ 365,975

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 11,767
Charity Annuity Payable	5,840
Deferred revenue	<u>43,690</u>

## Total Current Liabilities

61,297

## OTHER LIABILITIES

Charitable Annuity Payable	5,445
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## Net Assets:

Unrestricted	122,771
Temporarily restricted	39,988
Permanently restricted	<u>136,474</u>

## Total net assets

299,233

## Total liabilities and net assets

\$ 365,975

## SHREVEPORT OPERA

## Statement of Activities

For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Support:				
Contributions	\$ 140,107	\$ -	\$ -	\$ 140,107
Revenue:				
Season Ticket Sales	37,350	-	-	37,350
Box Office Receipts	30,836	-	-	30,836
Program Ad Sales	11,400	-	-	11,400
SOX Revenue	140,318	-	-	140,318
Guild Revenue	197,377	-	-	197,377
Grants	78,642	-	-	78,642
Miscellaneous	5,201	-	-	5,201
Interest and Unrealized Gains	1,072	967	8,784	10,823
Total Revenue	<u>642,303</u>	<u>967</u>	<u>8,784</u>	<u>652,054</u>
Net Assets Released from Restrictions:				
Satisfaction of usage restrictions	-	-	-	-
Total Public Support and Revenue	642,303	967	8,784	652,054
<b>EXPENSES</b>				
Production Expenses	242,509	-	-	242,509
General and Administrative	171,080	5,850	-	176,930
Opera Guild Expenses	104,047	-	-	104,047
Unrealized Losses	-	-	-	-
Total Expenses	<u>517,636</u>	<u>5,850</u>	<u>-</u>	<u>523,486</u>
Change in Net Assets	124,667	( 4,883)	8,784	128,568
Balance, beginning of year	<u>( 1,896)</u>	<u>44,871</u>	<u>127,690</u>	<u>170,665</u>
Net assets, end of year	<u>\$ 122,771</u>	<u>\$ 39,988</u>	<u>\$ 136,474</u>	<u>\$ 299,233</u>

The accompanying notes are an integral part of these statements.

SHREVEPORT OPERA  
Statement of Financial Position  
For the Year Ended June 30, 2004

## CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 128,568
Adjustments to reconcile change in net assets To net cash provided by operating activities;	
Depreciation	1,288
Changes in assets and liabilities:	
Decrease in grants receivable	15,949
Increase in prepaid expenses	( 14,246)
Increase in assets restricted for endowment	( 8,781)
Decrease in assets restricted for charitable annuity	4,883
Increase in accounts payable and payroll taxes	2,141
Decrease in charitable annuity payable	( 5,850)
Increase in deferred revenue	<u>24,213</u>
Net cash provided by operating activities	<u>148,165</u>
Cash flows from financing activities:	
Payment of line of credit	<u>(63,530)</u>
Net increase in cash	84,635
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>79,860</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 164,495</u>

The accompanying notes are an integral part of these statements.

SHREVEPORT OPERA

Notes to Financial Statements

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Shreveport Opera is a nonprofit organization exempt for Federal income tax purposes under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is managed by the officers of the corporation who are responsible to the Board of Directors as the bylaws require. The full-time employee who heads the staff, usually the General Director, reports to and is fully responsible and accountable to the President.

B. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

C. Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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.

D. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to ten years.

H. Contributions:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SHREVEPORT OPERA  
Notes to Financial Statements  
June 30, 2004

I. 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.

2. Assets restricted for charitable annuity represent amounts restricted to fulfill the Opera's obligation under a charitable annuity agreement.

3. Assets restricted for endowment consists of the following at market value:

Cash and Cash Equivalents	\$ 54,823
Equities	582
Treasury Securities	20,099
Fidelity Advisor Growth Fund	<u>60,967</u>
Total	<u>\$ 136,471</u>

4. Rental Expense:

The Opera entered into a noncancellable lease for a copy machine on May 10, 2001. The lease requires monthly payments of \$434 for a period of five years. (\$5,208 per year) The Opera may purchase the copier at the end of the lease at fair market value.

5. Deferred Revenue:

Deferred revenue consists of funds received which are designated for the following year. These funds will be recorded as revenue in the following fiscal year ending June 30, 2005.

6. Property and Equipment:

Property and Equipment consists of the following:

Furniture and Equipment	\$ 22,920
Less Accumulated Depreciation	<u>(18,160)</u>
Property and Equipment - Net	<u>\$ 4,760</u>

SHREVEPORT OPERA

Notes to Financial Statements

June 30, 2004

7. Donated Material and Services:

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services and the donated services do not create a nonfinancial asset. However, a number of volunteers have donated significant amounts of their time to the Opera.

8. Concentration of Credit Risk:

All cash deposits are fully insured by FDIC insurance.



**Marsha O. Millican**  
**CERTIFIED PUBLIC ACCOUNTANT**

INDEPENDENT AUDITOR'S REPORT OF COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Shreveport Opera  
Shreveport, Louisiana

I have audited the financial statements of Shreveport Opera as of and for the year ended June 30, 2004, and have issued my report thereon dated December 14, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Shreveport Opera's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Shreveport Opera's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

810 WILKINSON  
SHREVEPORT, LA 71104-3036  
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misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Maisha D. Milligan*

Certified Public Accountant  
December 14, 2004

SHREVEPORT OPERA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

There were no findings for the year ended June 30, 2004.

SHREVEPORT OPERA

Schedule of Prior Year Findings

For the Year Ended June 30, 2004

PRIOR YEAR FINDING #1:

The segregation of duties is inadequate to provide effective internal control.

STATUS:

The Opera engaged a professional firm to prepare the accounting entries and close the books each month.