

LOUISIANA CULTURAL ECONOMY FOUNDATION

FINANCIAL STATEMENTS

December 31, 2017 and 2016



LOUISIANA CULTURAL ECONOMY FOUNDATION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Louisiana Cultural Economy Foundation
New Orleans, Louisiana

We have reviewed the accompanying statements of financial position of Louisiana Cultural Economy Foundation (a nonprofit organization) as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

The summary of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our review engagement, however, we have not audited the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

June 25, 2018

Wegmann Dazet & Company

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,926	\$ 2,551
Accounts receivable	<u>1,500</u>	<u>4,500</u>
Total current assets	<u>8,426</u>	<u>7,051</u>
Property and equipment, at cost less accumulated depreciation	<u>278</u>	<u>382</u>
Total assets	<u><u>\$ 8,704</u></u>	<u><u>\$ 7,433</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 6,127	\$ 6,565
Accrued payroll liabilities	<u>2,162</u>	<u>2,901</u>
Total current liabilities	<u>8,289</u>	<u>9,466</u>
NET ASSETS		
Net assets		
Unrestricted	<u>415</u>	<u>(2,033)</u>
Total net assets	<u>415</u>	<u>(2,033)</u>
Total liabilities and net assets	<u><u>\$ 8,704</u></u>	<u><u>\$ 7,433</u></u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 107,411	\$ -	\$ 107,411
Grants	4,000	-	4,000
In-kind contributions	69,025	-	69,025
Special events	<u>51,562</u>	<u>-</u>	<u>51,562</u>
Total revenue	<u>231,998</u>	<u>-</u>	<u>231,998</u>
Expenses			
Program services	175,252	-	175,252
Supporting services			
General and administrative	53,066	-	53,066
Fundraising	<u>1,232</u>	<u>-</u>	<u>1,232</u>
Total expenses	<u>229,550</u>	<u>-</u>	<u>229,550</u>
Change in net assets	2,448	-	2,448
Net assets			
Beginning of year	<u>(2,033)</u>	<u>-</u>	<u>(2,033)</u>
End of year	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 415</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 251,319	\$ -	\$ 251,319
Grants	9,900	-	9,900
In-kind contributions	63,650	-	63,650
Special events	<u>54,517</u>	<u>-</u>	<u>54,517</u>
Total revenue	<u>379,386</u>	<u>-</u>	<u>379,386</u>
Expenses			
Program services	294,250	-	294,250
Supporting			
General and administrative	54,833	-	54,833
Fundraising	<u>21,503</u>	<u>-</u>	<u>21,503</u>
Total expenses	<u>370,586</u>	<u>-</u>	<u>370,586</u>
Change in net assets	8,800	-	8,800
Net assets			
Beginning of year	<u>(10,833)</u>	<u>-</u>	<u>(10,833)</u>
End of year	<u>\$ (2,033)</u>	<u>\$ -</u>	<u>\$ (2,033)</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Healthcare initiative	\$ 10,339	\$ -	\$ -	\$ 10,339
Salaries	65,962	-	11,634	77,596
Payroll taxes and benefits	5,130	-	1,060	6,190
Professional fees	30,808	-	7,774	38,582
Office rent	-	-	3,410	3,410
Utilities	844	-	898	1,742
Fundraising	-	1,232	-	1,232
General and administrative	13,852	-	7,582	21,434
In-kind contributions	48,317	-	20,708	69,025
	<u>\$ 175,252</u>	<u>\$ 1,232</u>	<u>\$ 53,066</u>	<u>\$ 229,550</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Healthcare initiative	\$ 16,826	\$ -	\$ -	\$ 16,826
Salaries	63,808	-	11,863	75,671
Payroll taxes and benefits	5,119	-	5,045	10,164
Professional fees	145,416	-	10,670	156,086
Office rent	-	-	3,218	3,218
Utilities	1,199	-	1,459	2,658
Fundraising	-	7,303	-	7,303
General and administrative	27,192	-	7,818	35,010
In-kind contributions	34,690	14,200	14,760	63,650
	<u>\$ 294,250</u>	<u>\$ 21,503</u>	<u>\$ 54,833</u>	<u>\$ 370,586</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 2,448	\$ 8,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104	695
(Increase) decrease in operating assets:		
Accounts receivable	3,000	9,500
Increase (decrease) in operating liabilities:		
Accounts payable	(438)	(16,068)
Accrued payroll liabilities	(739)	(1,439)
Net cash provided by operating activities	<u>4,375</u>	<u>1,488</u>
Net increase	4,375	1,488
Cash and cash equivalents at beginning of year	<u>2,551</u>	<u>1,063</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,926</u></u>	<u><u>\$ 2,551</u></u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

1) Nature of activities

Louisiana Cultural Economy Foundation (the Foundation) strives to be a catalyst for the development and enhancement of the distinct cultural industries of Louisiana by promoting the economic health and quality of life of our cultural economy workforce.

The Foundation provides support to Louisiana's cultural economy to make it in an engine of economic and social rebirth. The support generated by the Foundation is used to support the economic health and quality of life for Louisiana's cultural economy workforce statewide.

2) Summary of significant accounting policies

(a) Financial statement presentation

The Foundation's policy is to prepare the financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

(b) Cash and cash equivalents

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

(c) Accounts receivable

Accounts receivable are stated at the amount the Foundation expects to collect. The Foundation writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

(d) Income taxes

The Foundation has received a tax-exempt ruling under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal taxes unless the Foundation has unrelated trade or business income.

The Foundation adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Management of the Foundation believes it has no material uncertain tax positions, and accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Foundation is not subject to U. S. federal and state examinations by tax authorities beyond three years from the filing of those returns.

(e) Estimates

The preparation of financial statements in conformity with U. S. 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.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

2) Summary of significant accounting policies (continued)

(f) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

(g) Property and equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as property and equipment at their estimated fair value. It is the Foundation's policy to depreciate the assets over their estimated useful life of five (5) years using the straight line depreciation method. Expenditures for maintenance and repairs are charged to expense as incurred.

(h) Promises to give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

(i) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when a stipulated time constraint ends or the purpose of the restriction is accomplished. At that point, the restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Donated goods and services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with

See Independent Accountants' Review Report.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

2) Summary of significant accounting policies (continued)

(i) Contributions (continued)

those skills, and would otherwise be purchased by the Foundation. The Foundation received donated office space, storage and other items to assist with the yearly fundraising event. The estimated value of the donated services and items received for the years ended December 31, 2017 and 2016 were \$69,025 and \$63,650, respectively.

3) Property and equipment

A summary of property, plant, and equipment and depreciation are as follows as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 1,482	\$ 1,482
Computer hardware/software	13,905	13,905
Total property and equipment	15,387	15,387
Less accumulated depreciation	15,109	15,005
Property and equipment	\$ 278	\$ 382

Depreciation expense for the years end December 31, 2017 and 2016 was \$104 and \$695, respectively.

4) Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Foundation may, at times, have deposits in excess of the FDIC insured limits. The Foundation has not experienced any losses in such accounts. The Foundation has no policy requiring collateral or other security to support its deposits.

At December 31, 2017, accounts receivable consisted of one donor which accounted for 100% of the Foundation's total trade accounts receivable.

At December 31, 2016, accounts receivable consisted of one donor which accounted for 100% of the Foundation's total trade accounts receivable.

In 2017, there were two donors whom contributed 35% of the Foundation's total revenue.

In 2016, there were two donors whom contributed 66% of the Foundation's total revenue.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

5) Subsequent events

Management has evaluated subsequent events through the date of the review report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2017

SUMMARY OF COMPENSATION

- None of agency's head compensation was derived from state and/or local funds.