

ARTS COUNCIL OF NEW ORLEANS
FINANCIAL STATEMENTS
AS OF AND FOR THE
YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)
AND WITH COMPARATIVE TOTALS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016 (AUDITED)
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Board of Directors of
Arts Council of New Orleans
New Orleans, Louisiana

We have reviewed the accompanying financial statements of Arts Council of New Orleans (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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 review, we are not aware of any material modifications that should be made to the accompanying 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



To Board of Directors of
Arts Council of New Orleans
June 26, 2018
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Supplementary Information

The supplementary information included with the basic financial statements is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Report on 2016 Financial Statements

The 2016 financial statements were audited by other auditors, and they expressed an unmodified opinion on them in their report dated June 15, 2017. They have not performed any auditing procedures since that date.

New Orleans, Louisiana
June 26, 2018

A handwritten signature in cursive script, reading "Ericson Krentel".

Certified Public Accountants

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 (UNAUDITED), WITH
COMPARATIVE TOTALS AS OF DECEMBER 31, 2016 (AUDITED)

	2017		2016	
	Unrestricted	Temporarily Restricted	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 292,260	\$ 428,052	\$ 720,312	\$ 980,287
Certificate of deposit	101,507	-	101,507	100,000
Accounts receivable	4,696	10,000	14,696	6,241
Grants receivable	83,885	122,997	206,882	42,429
Pledges receivable	2,500		2,500	-
Deposits	6,000		6,000	5,528
Total Current Assets	490,848	561,049	1,051,897	1,134,485
NON-CURRENT ASSETS				
Investments	3,876	-	3,876	3,411
Art collection	27,652	-	27,652	27,652
Depreciable assets, net	16,430	-	16,430	6,166
Total Non-Current Assets	47,958	-	47,958	37,229
TOTAL ASSETS	\$ 538,806	\$ 561,049	\$ 1,099,855	\$ 1,171,714
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 109,121	\$ 8,819	\$ 117,940	\$ 112,099
Accrued expenses	29,359	-	29,359	37,254
Line of credit	-	-	-	50,000
Grants payable	-	221,773	221,773	224,073
Refundable advances	-	172,212	172,212	135,970
Total Current Liabilities	138,480	402,804	541,284	559,396
NET ASSETS				
Unrestricted				
Board designated	614,993	-	614,993	614,993
Undesignated	(214,667)	-	(214,667)	(85,784)
Temporarily Restricted	-	158,245	158,245	83,109
Total Net Assets	400,326	158,245	558,571	612,318
TOTAL LIABILITIES AND NET ASSETS	\$ 538,806	\$ 561,049	\$ 1,099,855	\$ 1,171,714

See Independent Accountants' Review Report and Accompanying Notes to the Financials

**ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED
DECEMBER 31, 2016 (AUDITED)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
REVENUE, GAINS, AND OTHER SUPPORT				
Grants	\$ 44,718	\$ 541,297	\$ 586,015	\$ 516,015
Contributions	71,199	604,500	675,699	415,739
Contracts	384,012	52,500	436,512	496,023
Interest and investment income	4,234	-	4,234	604
Earned income	130,284	-	130,284	144,418
Other income	7,070	-	7,070	749,903
Total Revenue, Gains, and Other Support	641,517	1,198,297	1,839,814	2,322,702
NET ASSETS RELEASED FROM RESTRICTIONS	1,123,161	(1,123,161)	-	-
EXPENSES				
Regrants	471,297	-	471,297	471,297
Salaries and benefits	537,559	-	537,559	632,598
Artist fees and services	221,168	-	221,168	255,651
Professional fees	235,863	-	235,863	217,971
Occupancy	83,498	-	83,498	112,702
Travel, meetings, conferences, and courses	132,066	-	132,066	138,808
Supplies	121,668	-	121,668	57,135
Other	18,595	-	18,595	15,416
Advertising	21,450	-	21,450	6,413
Insurance	22,277	-	22,277	17,785
Postage, printing, and duplicating	14,586	-	14,586	8,874
Depreciation	4,886	-	4,886	4,299
Bad debt expense	8,648	-	8,648	5,228
Total Expenses	1,893,561	-	1,893,561	1,944,177
CHANGE IN NET ASSETS	(128,883)	75,136	(53,747)	378,525
NET ASSETS – Beginning of year	529,209	83,109	612,318	233,793
NET ASSETS – End of year	<u>\$ 400,326</u>	<u>\$ 158,245</u>	<u>\$ 558,571</u>	<u>\$ 612,318</u>

See Independent Accountants' Review Report and Accompanying Notes to the Financials

**ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2017 (UNAUDITED)
AND DECEMBER 31, 2016 (AUDITED)**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (53,747)	\$ 378,525
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	4,886	4,299
Unrealized and realized gain on investments, net	(465)	(112)
Loss from disposal of property and equipment	2,400	-
Changes in operating assets and liabilities:		
Accounts receivable	(8,455)	39,833
Grants receivable	(164,453)	185,453
Pledges receivable	(2,500)	1,000
Deposits	(472)	500
Accounts payable	5,841	(55,365)
Accrued expenses	(7,895)	(45,614)
Grants payable	(2,300)	(420,583)
Refundable advances	36,242	(313,266)
Net Cash (Used In) Operating Activities	<u>(190,918)</u>	<u>(225,330)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment, furniture and fixtures	(17,550)	-
Purchases of short-term investments	(1,507)	(100,000)
Net Cash (Used In) Investing Activities	<u>(19,057)</u>	<u>(100,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	50,000
Repayment of line of credit	(50,000)	-
Net Cash (Used In) Provided By Investing Activities	<u>(50,000)</u>	<u>50,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(259,975)	(275,330)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>980,287</u>	<u>1,255,617</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 720,312</u>	<u>\$ 980,287</u>

See Independent Accountants' Review Report and Accompanying Notes to the Financials

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 1: ORGANIZATION AND OPERATION

The Arts Council of New Orleans (ACNO), a Louisiana non-profit corporation, is the City of New Orleans' officially designated arts agency. ACNO was formed in 1975 as a result of a merger of the Arts Council of Greater New Orleans and the Mayor's Committee for Arts and Cultural Development. ACNO's efforts are directed toward enhancing the cultural and artistic environment in the New Orleans metropolitan area and are as follows:

People – Inspiring and Connecting: Supporting participatory arts, youth arts education, and events that inspire and connect.

Place – Transforming Landscape: Emphasizing design solutions and a heightened awareness of the built environment.

Artists – Investing in our Cultural Assets: Professionalizing the capabilities of local artists and organizations while seeking markets and exchange opportunities.

Arts New Orleans: Related to artsneworleans.org website.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, ACNO reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Assets and contributions that are not restricted by donors, grants or contracts or for which there are no restrictions. Unrestricted assets also consist of assets designated by the Board through formal action. The amount of board designated assets was \$614,993 as of December 31, 2017 and 2016.

Temporarily restricted – A donor, grant or contract imposed restriction that permits ACNO to use the donated funds as specified. The use of the funds is restricted by purpose and/or until the passage of time. The amount of temporarily restricted assets was \$158,245 and \$83,109 as of December 31, 2017 and 2016, respectively.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Permanently restricted – The portion of a grant or contract that is restricted by donor imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise. There were no permanently restricted net assets as of December 31, 2017 and 2016.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACNO's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Prior Year Report

Prior year's results are summarized for comparative purposes in the Statement of Financial Position and the Statement of Activities.

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of 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.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, ACNO considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements.

The City of New Orleans made it a requirement that ACNO hold cash restricted for the Percent of Art program (Note 10) in a designated bank account. ACNO maintained these funds in a designated bank account as of December 31, 2017 and 2016.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

ACNO records its investments in accordance with the Investment Topic of the FASB ASC (ASC 32X), which establishes standards for the recognition of fair value of investments in certain entities that calculate net asset value per share, with gains and losses included in the statements of activities.

ACNO maintains an unrestricted fund at the Greater New Orleans Foundation (GNOF). This fund is in an investment pool managed by GNOF. The balance of the fund as of December 31, 2017 and 2016 was \$3,876 and \$3,411, respectively.

Certificates of Deposit

ACNO invests in certificates of deposit with local financial institutions. The maturity dates of these certificates of deposit are generally one year or greater. It is ACNO's intention to hold these certificates of deposit to maturity. During the year ended December 31, 2016, a certificate of deposit was opened by ACNO in the amount of \$100,000 with an interest rate of 1.5%. The balance of the CD as of December 31, 2017 and 2016 was \$101,507 and \$100,000, respectively. The certificate of deposit is held as collateral for the line of credit at a financial institution. See Note 4 for detail on the line of credit.

Contributions

Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when stipulated time restriction ends or purpose/project restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Pledges Receivable

ACNO records unconditional promises to give as pledges receivable on the statements of financial position. Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are to be received. Pledges receivable were \$2,500 as of December 31, 2017. There were no pledges receivable as of December 31, 2016.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

ACNO provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on management's assessment of the current status of individual accounts. Accounts receivable and grants receivable as of December 31, 2017 and 2016 are considered fully collectible.

Donated Services

Volunteers have given extensive amounts of time and services to ACNO. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition. In-kind contributions received by ACNO were not material for the years ended December 31, 2017 and 2016.

Depreciation of Equipment, Furniture, and Fixtures

ACNO's equipment, furniture and fixtures consist of office equipment and furnishings which are being depreciated utilizing the straight-line method over their useful lives of three to five years. It is ACNO's policy to capitalize assets in excess of \$500. Depreciable assets are valued at their cost if purchased or their estimated fair value at the time of donation if contributed.

Interest Income

Interest income is allocated to restricted programs to fund certain costs when specifically required by applicable contracts or grants.

Advertising

ACNO expenses advertising as incurred. Advertising expense was \$21,450 and \$6,413 for the years ended December 31, 2017 and 2016, respectively, and is recorded as advertising expense in the statement of activities.

Income Taxes

ACNO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Gifts to ACNO are tax deductible.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. ACNO believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in operating expenses.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Artwork

ACNO has paintings and sculptures on display in its office. This artwork is recorded at its appraised value at the time of donation. The carrying value of the artwork at December 31, 2017 and 2016 was \$27,652.

Impairment of Long-lived assets

ACNO reviews long-lived assets, consisting of property and equipment and contributed artwork, and cost in excess of net assets acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. ACNO determines the recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded for the years ended December 31, 2017 and 2016.

NOTE 3: DEPRECIABLE ASSETS

Depreciable assets are summarized as follows by major classification:

As of December 31,	2017	2016
Equipment, furniture and fixtures	\$ 27,420	\$ 155,215
Leasehold Improvements	6,681	
Less: Accumulated depreciation	(17,671)	(149,049)
Net depreciable assets	\$ 16,430	\$ 6,166

Depreciation expense was \$4,886 and \$4,299 in 2017 and 2016, respectively.

NOTE 4: LINE OF CREDIT

During 2016, ACNO opened a line of credit with a financial institution. The line of credit has a \$100,000 limit with a 3.5% fixed interest rate. The line of credit is backed by a certificate of deposit. There was no balance as of December 31, 2017.

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)

NOTE 5: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

As of December 31,	2017	2016
Silicon Valley Foundation – Duncan Plaza	\$ 97,637	-
Wisner – Digital Equity	50,608	-
Azby Fund – Luna Fete	10,000	-
Urban League of Greater New Orleans	-	3,723
Joan Mitchell Foundation	-	20,000
In Our Backyard	-	14,264
Selley Foundation – Support for Computer Upgrades	-	12,582
ArtPlace America – Youth Solutions	-	32,540
Total	\$ 158,245	\$ 83,109

NOTE 6: RELEASE OF RESTRICTED ASSETS

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

	2017	2016
Restrictions Accomplished:		
LDOA Decentralized Grants	\$ 122,997	\$ 122,997
Community Arts Grants	348,300	348,300
Various Foundation Grants, Individual, and Corporate - Luna Fete	440,500	186,000
National Endowment for the Arts – Luna Fete	60,000	-
In Our Backyard	14,264	-
Urban League of Greater New Orleans	3,722	21,117
Selley Foundation – Support for Computer Upgrades	12,582	7,418
Silicon Valley Foundation – Duncan Plaza	52,363	-
Wisner – Digital Equity	1,893	-
National Endowment for the Arts - Broad + Water	10,000	-
Joan Mitchell Foundation	20,000	15,000
Arts Market - Jazz Fest	4,000	4,000
Tides/Lambent Foundation	-	35,556
ArtPlace America – Youth Solutions	32,540	185,389
Total	\$ 1,123,161	\$ 925,777

ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)

NOTE 7: CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

ACNO maintains its cash and cash equivalent balances in local financial institutions, which may, at times, exceed amounts covered by Federal Deposit Insurance Corporation (FDIC) insurance of up to \$250,000 per financial institution. ACNO's cash balance exceeded the FDIC insurance limit by \$698,520 and \$735,768 for the years ended December 31, 2017 and 2016, respectively. ACNO has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

Revenues from two grantors represented approximately 26% and 20% of total revenues earned for the years ended December 31, 2017 and 2016, respectively. Grants receivable from these grantors represented 99% of grants receivable at December 31, 2017 and 2016.

NOTE 8: EMPLOYEE BENEFIT PLAN

Effective March 1, 2014, ACNO established a 403(b) Thrift Plan that covers all employees. Participants can contribute a percentage of their compensation to the Plan and receive a 50% matching employer contribution on up to 4% of this contribution. Employees are immediately fully vested in employer contributions. ACNO's retirement contribution expense for the years ended December 31, 2017 and 2016 was \$7,576 and \$9,052, respectively. Contribution expense is included in salaries and benefits on the statements of activities.

NOTE 9: LEASE OBLIGATIONS

ACNO leased office space under a five year lease agreement, which commenced on July 1, 2011. Monthly lease payments through August 2016 were \$6,557 and include charges for insurance, property tax and common area maintenance. As of December 31, 2016, this lease had been extended through August 2017 with monthly lease payments of \$6,281.

Commencing on September 1, 2017, office space was leased under a five year agreement. Monthly lease payments through February 2020 are \$4,890 and from March 2020 through August 2022 are \$5,135.

ACNO leases office equipment with payments of \$289 due monthly on a lease expiring in 2022, and payments of \$113 are due monthly on a lease ended in 2017, which includes a repair and maintenance service agreement.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 9: LEASE OBLIGATIONS (CONTINUED)

Total lease expense for the years ended December 31, 2017 and 2016 was \$77,876 and \$94,035, respectively. Lease expense is included in occupancy on the statements of activities. Future minimum lease payments on the leases in effect as of the report date are as follows:

Year Ending December 31,	Minimum Lease Payments
2018	\$ 63,504
2019	63,504
2020	65,954
2021	66,444
2022	44,296
Total	\$ 303,702

NOTE 10: COMMITMENTS

Since 1986, ACNO has entered into annual agreements with the City of New Orleans (the City) relating to the establishment of the Percent for Art Program under which one percent of the cost of eligible City capital projects is to be used to fund certain works of art. ACNO's ongoing tasks include developing an Annual Art Plan to carry out the implementation of selected art projects, and short-term and long-term coordination and planning for the program.

ACNO incurred expenditures of \$130,000 per year in 2017 and 2016 for administrative duties performed to accomplish the agreed upon tasks. Refundable advances totaled \$172,212 and \$135,970 in 2017 and 2016, respectively, all of which was related to the Percent for Art Program.

NOTE 11: FUNCTIONAL CLASSIFICATION OF EXPENSES

ACNO categorizes its program services expenses according to the program descriptions in Note 1. Expenses by function for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Expenses		
Program Services		
People	\$ 779,113	\$ 530,821
Place	306,405	407,616
Artists	575,951	590,643
Supporting Services		
Management and general	232,092	415,097
Total Expenses	\$ 1,893,561	\$ 1,944,177

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)**

NOTE 12: ENDOWMENT FUNDS

Annually, ACNO receives distributions from several endowment funds established at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by the GNOF. The funds were donated to the GNOF for the benefit of ACNO. The GNOF utilizes an endowed spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on ACNO's financial statements. The balances of these funds are as follows:

Fund	Initial Donation	Net Appreciation	Balance	
			December 31, 2017	December 31, 2016
Kock	\$ 210,000	\$ 135,758	\$ 345,758	\$ 316,788
Billion	\$ 50,000	\$ 57,930	\$ 107,930	\$ 98,887
Stern	\$ 25,000	\$ 62,120	\$ 87,120	\$ 79,820

Distributions received from these funds totaled \$20,239 and \$20,221, for the years ended December 31, 2017 and 2016, respectively, and are included in contributions on the statement of activities.

NOTE 13: RELATED PARTY TRANSACTIONS

In February 2014, ACNO entered into an arrangement with a law firm to represent ACNO. The compensation for legal services is on a contingent basis. A board member of ACNO is an owner and manager of the law firm. As of December 31, 2016, the BP claim was settled, and is recorded as part of other income in the statement of activities. ACNO paid the law firm \$140,907 as compensation for legal services provided.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, June 26, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the Year Ended December 31,

2017

Agency Head Name: Nick Stillman, CEO

PURPOSE	AMOUNT
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ -

* The Council does not use public funds for compensation, benefits or other payments made to the agency head.

See Independent Accountants' Review Report.



**INDEPENDENT ACCOUNTANTS' REPORT ON
 APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
 Arts Council of New Orleans

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Arts Council of New Orleans. (the Organization), the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about the Arts Council of New Orleans's compliance with certain laws and regulations during the year ended December 31, 2017 included in the accompanying Louisiana Attestation Questionnaire. Management of the Organization is responsible for the Organization's accounting records and compliance with applicable laws and regulations. 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

Federal, State, and Local Awards

1. Determined the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Results: The Organization's federal, state, and local award expenditures for all programs for the year ended December 31, 2017 are as follows:

Federal or State Grant Name	Grant Year	CFDA No.	Amount
Louisiana Decentralized Arts Funding Program	2017	n/a	\$ 161,664
National Endowment for the Arts Grant	2017	n/a	60,000
Total Expenditures			<u>\$ 221,664</u>



To the Board of Directors of
Arts Council of New Orleans
June 26, 2018

2. We randomly selected 6 disbursements from each federal and state award listed in Procedure 1. We performed Procedures 3 through 6 on the selected disbursements.

Results: Six selections were made for the Louisiana Decentralized Arts Funding Program, however only one transaction occurred for the National Endowment for the Arts Grant. That transaction was selected.

3. We examined supporting documentation for the selected disbursements to determine whether the payment was for the proper amount and made to the correct payee.

Results: All seven disbursements were for the proper amount and made to the correct payee.

4. We determined whether the selected disbursements were properly coded to the correct fund and general ledger account.

Results: All seven disbursements were properly coded to the correct fund and general ledger account.

5. We examined supporting documentation for the selected disbursements to determine whether the payment received approval from proper authorities.

Results: All seven disbursements indicated approval from the proper authorities.

6. Determined whether the selected disbursements comply with the grant agreement, relating to:

Activities allowed or unallowed

We determined if the types of activities and services were allowed or not allowed.

Results: All seven disbursements complied with allowability requirements.

Eligibility

We determined if the disbursement met eligibility requirements.

Results: All seven disbursements complied with the eligibility requirements.

Reporting

We determined if the disbursement met reporting requirements.

Results: All seven disbursements complied with the reporting requirements.



To the Board of Directors of
Arts Council of New Orleans
June 26, 2018

7. One of the disbursements selected included a program that was closed out during the period of our agreed-upon procedures. We compared the close-out (final) reports for this program with the Organization's financial records.

Results: The amounts reported on the close-out reports agreed to the Organization's financial records.

Open Meetings

8. We determined whether the Organization was in compliance with the open meetings law found in La. R.S. 42:11 through 42:28.

Results: The Organization is not subject to the open meetings law. As such, compliance with open meetings law is not applicable.

Budget

9. For the grants listed in Procedure 1, we determined whether the Organization provided a comprehensive budget to the applicable state or local grantor agency that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Results: A comprehensive budget that included the anticipated uses and duration was provided to the applicable state or local agency for grants listed in Procedure 1. In addition, the state grant included specific goals and objectives and measures of performance.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Results: The Organization's prior-year agreed-upon procedures report did not include suggestions, recommendations, and/or comments requiring matters to be resolved.

We were not engaged to perform, and did not perform, an audit, the objective 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.



To the Board of Directors of
Arts Council of New Orleans
June 26, 2018

This report is intended solely for the use of management of Arts Council of New Orleans, the Legislative Auditor, State of Louisiana, and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2018
New Orleans, Louisiana

Certified Public Accountants

ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

We have reviewed the financial statements of Arts Council of New Orleans as of and for the year ended December 31, 2017, and have issued our report thereon dated June 26, 2018. We conducted the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

During our engagement to review the financial statements, we did not become aware of any matters that we deemed reportable to the management of Arts Council of New Orleans.

SECTION I FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

SECTION II MANAGEMENT LETTER

NOT APPLICABLE

ARTS COUNCIL OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

SECTION II MANAGEMENT LETTER

NOT APPLICABLE