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**LOUISIANA SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004**

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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 2-9-05



**LOUISIANA SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004**

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**Postlethwaite & Netterville**

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana Symphony Association (not-for-profit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Symphony Association as of June 30, 2004 and 2003, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2004 on our consideration of the Louisiana Symphony Association's internal controls over financial reporting and our tests of their compliance with certain provisions of laws and regulations. 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 our audit.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 8, 2004

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2004 AND 2003**

**ASSETS**

	<u>2004</u>	<u>2003</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 106,709	\$ 53,824
Investments	119,240	109,702
Receivables - other	27,736	32,897
Prepaid expenses and other assets	50,481	51,872
Total current assets	<u>304,166</u>	<u>248,295</u>
<b><u>ENDOWMENT INVESTMENTS</u></b>	350,000	350,000
<b><u>BENEFICIAL INTEREST IN BR SYMPHONY LEAGUE</u></b>	113,694	78,714
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>25,851</u>	<u>38,269</u>
Total assets	<u>\$ 793,711</u>	<u>\$ 715,278</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 24,122	\$ 15,930
Current maturities of long-term debt	5,000	5,000
Accrued expenses	15,328	10,913
Deferred revenues:		
Ticket sales for concerts	338,902	387,132
	<u>383,352</u>	<u>418,975</u>
<b><u>LONG-TERM LIABILITIES, LESS CURRENT MATURITIES</u></b>		
Riverside Centroplex	<u>62,067</u>	<u>87,067</u>
Total liabilities	<u>445,419</u>	<u>506,042</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	(1,708)	(140,764)
Permanently restricted	350,000	350,000
Total net assets	<u>348,292</u>	<u>209,236</u>
Total liabilities and net assets	<u>\$ 793,711</u>	<u>\$ 715,278</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b><u>SUPPORT AND REVENUE</u></b>				
Concert	\$ 380,520	\$ -	\$ -	\$ 380,520
Contributed services	196,476	-	-	196,476
Government	145,418	-	-	145,418
Private contributions	538,139	-	-	538,139
Investment	9,537	-	-	9,537
Special events	97,222	-	-	97,222
Other	44,930	-	-	44,930
Change in net assets of League	99,980	-	-	99,980
Gain on disposition of asset	-	-	-	-
<b>Total revenues and other support</b>	<b>1,512,222</b>	<b>-</b>	<b>-</b>	<b>1,512,222</b>
<b><u>EXPENSES</u></b>				
Program expenses	970,071	-	-	970,071
Marketing	50,119	-	-	50,119
Development	86,452	-	-	86,452
General and administrative expenses	266,524	-	-	266,524
<b>Total expenses</b>	<b>1,373,166</b>	<b>-</b>	<b>-</b>	<b>1,373,166</b>
<b>CHANGE IN NET ASSETS</b>	<b>139,056</b>	<b>-</b>	<b>-</b>	<b>139,056</b>
<b><u>NET ASSETS</u></b>				
Beginning of year	(140,764)	-	350,000	209,236
End of year	<u>\$ (1,708)</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 348,292</u>

The accompanying notes are an integral part of these statements.

2003

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 207,529	\$ -	\$ -	\$ 207,529
232,590	-	-	232,590
146,896	-	-	146,896
521,909	-	-	521,909
6,472	-	-	6,472
88,514	-	-	88,514
48,724	-	-	48,724
91,361	-	-	91,361
103,331	-	-	103,331
<u>1,447,326</u>	<u>-</u>	<u>-</u>	<u>1,447,326</u>
796,666	-	-	796,666
21,794	-	-	21,794
68,482	-	-	68,482
269,954	-	-	269,954
<u>1,156,896</u>	<u>-</u>	<u>-</u>	<u>1,156,896</u>
290,430	-	-	290,430
<u>(431,194)</u>	<u>-</u>	<u>350,000</u>	<u>(81,194)</u>
<u>\$ (140,764)</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 209,236</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	2003
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 139,056	\$ 290,430
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized (gain) on sale of building	-	(103,331)
Depreciation	16,563	21,945
Unrealized (gain) loss on investments	(3,183)	2,713
Realized (gain) on sales of investments	(58)	(237)
Bad debts	-	11,885
Beneficial interest in BR Symphony League	(99,980)	(91,361)
Change in operating assets and liabilities:		
Other receivables	5,161	10,395
Pledges receivable	-	30,000
Prepaid expenses	1,391	(28,201)
Accounts payable	8,192	(130,311)
Accrued expenses	4,415	2,929
Deferred revenues	(48,230)	198,618
Net cash provided by operating activities	23,327	215,474
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash from BR Symphony League	65,000	30,000
Capital expenditures	(4,145)	(4,306)
Proceeds from sales of investments	313,024	607,553
Purchase of investments	(319,321)	(607,650)
Proceeds from sale of building	-	361,800
Net cash provided by investing activities	54,558	387,397
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on notes payable	-	(349,000)
Payments on long-term debt	(25,000)	(237,979)
Net cash used in financing activities	(25,000)	(586,979)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	52,885	15,892
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	53,824	37,932
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 106,709	\$ 53,824
 <u>Supplemental Disclosure for Cash Flow Information</u>		
 Cash paid during the year for interest	\$ 192	\$ 17,597

The accompanying notes are an integral part of these statements.

## LOUISIANA SYMPHONY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### 1. Nature of Activities

The Louisiana Symphony Association (the Association) was founded in 1947 to provide a symphony orchestra with a regional and national profile, and to provide educational and cultural enrichment for the people of greater Baton Rouge and the State of Louisiana.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

The Financial statement presentation complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association 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.

##### Contributions

The Association complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give cash and other assets to the Association are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received.

## LOUISIANA SYMPHONY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### 2. Summary of Significant Accounting Policies (continued)

##### Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Grants which represent contributed support are recognized in the same manner as promises to give.

##### Deferred Revenue

Deferred revenue represents tickets for concerts that have been sold where the concert has not yet taken place. After the concert is performed, the revenue from the concert will be realized and recorded as income. In the event any of the productions are not presented, the advance ticket collections for that concert will be available for refund to the ticket holders.

##### Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Association's programs, principally in fund raising activities, operations and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

##### Restricted and Designated Net Assets

In October 1981, the Association established an endowment trust to be funded by contributions. Unrestricted donor contributions can be used at the Association's discretion. The principal for permanently restricted donor contributions must remain intact. Funds donated with restrictions on principal have been classified as permanently restricted net assets.

##### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets.

##### Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is necessary.

##### Cash and Cash Equivalents

The Association considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents." Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents.

## LOUISIANA SYMPHONY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### 2. Summary of Significant Accounting Policies (continued)

##### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end and are determined to be past due based on contractual terms. Based on management's assessment of credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

##### Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, both based on quoted market prices. Unrealized gains and losses are recorded in current year operations as increases or decreases in unrestricted net assets. Dividend, interest, and other investment income is recorded as an increase in unrestricted net assets unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the specific identification method. These realized gains and losses flow through the Association's current operations.

##### Contributed Services

The Association recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. Services received included advertising, printing supplies and services, public relations consulting, hotel rooms for guests, and office space for 2003 only. The value of contributed services meeting the requirements for recognition in the financial statements was approximately \$196,476 and \$232,590 for the years ended June 30, 2004 and 2003.

##### Reclassification

Certain amounts in the June 30, 2003 financial statements have been reclassified to conform with the current years presentation.

**LOUISIANA SYMPHONY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

3. **Beneficial Interest in Baton Rouge Symphony League**

Due to the adoption Financial Accounting Standard No. 136 (FAS 136), "Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others", the net assets of the League are treated as a beneficial interest asset on the Association's financial statements. The effect of FAS 136 was for the Association to recognize as beneficial interest in the net assets of the League, similar to the equity method of accounting.

4. **Property and Equipment**

A summary of property and equipment, accumulated depreciation and related service lives at June 30th, is as follows:

	<u>Estimated Service Lives</u>	<u>2004</u>	<u>2003</u>
Equipment	3 – 7 years	\$ 153,334	\$ 149,189
Furniture and fixtures	5 – 7 years	<u>85,375</u>	<u>85,375</u>
		238,709	234,564
Less accumulated depreciation		<u>( 212,858)</u>	<u>( 196,295)</u>
		<u>\$ 25,851</u>	<u>\$ 38,269</u>

5. **Investments**

Investments, which are at fair value, as of June 30th, are summarized as follows:

	<u>2004</u>	<u>2003</u>
Liquid assets	\$ 33,347	\$ 34,571
Fixed income	329,829	330,105
Equity securities	28,033	25,495
Investments held by Baton Rouge Area Foundation	<u>78,031</u>	<u>69,531</u>
	<u>\$ 469,240</u>	<u>\$ 459,702</u>

The following schedule summarizes the investment income and its classification in the statement of activities for the years ended June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Interest and dividends	\$ 6,296	\$ 8,948
Realized gains, net	58	237
Unrealized gains (losses)	<u>3,183</u>	<u>( 2,713)</u>
Total investment income	<u>\$ 9,537</u>	<u>\$ 6,472</u>

**LOUISIANA SYMPHONY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

6. Note Payable

The Association had a line of credit totaling \$300,000 available during 2004 and 2003 from a local bank. The line had an interest rate based on the prime rate which was 4% for both years. The note is secured by the endowment amount restricted for education. There was no balance drawn at June 30, 2004 and 2003.

7. Retirement Plan

The Association has an Internal Revenue Code Section 401K plan. The plan covers substantially all of the full time employees of the Association. The Association has elected not to match contributions for the years ended June 30, 2004 and 2003.



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**Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Symphony Association (a not-for-profit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Louisiana Symphony Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a material effect on the determination of the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Symphony Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management of the Louisiana Symphony Association, 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.

*Postlethwaite, Netteville*

Baton Rouge, Louisiana  
October 8, 2004



**LOUISIANA SYMPHONY ASSOCIATION**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Louisiana Symphony Association.
2. No material weaknesses relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No material instances of noncompliance material to the financial statements of the Louisiana Symphony Association were disclosed during the audit.
4. A management letter was not issued regarding current year's audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. None.

**LOUISIANA SYMPHONY ASSOCIATION**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2004**

A. FINDINGS – FINANCIAL STATEMENT AUDIT:

None.

B. MANAGEMENT LETTER COMMENT PRIOR YEAR:

**Interoffice Communications**

Based on our observations and discussions with Association personnel, we noted that communication between the development activities and accounting personnel could be improved. We noted that activity recorded in the general ledger relating to pledges and gifts were not always in line with information obtained by development personnel regarding the gifts and pledges. Consequently in some instances, entries involving income accounts were being recorded twice, thus overstating income.

Management's Response:

Management has taken steps to improve the communications and believes that the communication between departments in the current year has improved over the prior year.

Auditor's Follow-up:

We did not note differences with respect to the gifts and pledges as recorded in the general ledger during our audit of the June 30, 2004 financial statements. We believe that the communications have improved which eliminated these inconsistencies in reporting.

Status:

Resolved