

NEW ORLEANS BALLET ASSOCIATION

Financial Statements

June 30, 2011 and 2010

(With Accountant's Review Report Thereon)

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 MAR 07 2012

NEW ORLEANS BALLET ASSOCIATION

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MICHAEL A. PLEMER
CERTIFIED PUBLIC ACCOUNTANT
"Small Business Specialist"

Accountant's Review Report

To the Board of Directors
New Orleans Ballet Association

I have reviewed the accompanying statements of financial position of the New Orleans Ballet Association (a nonprofit association) as of June 30, 2011 and 2010, and the related statements of activities and net assets and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements are the representation of the management of the New Orleans Ballet Association. The prior year summarized comparative information has been derived from the Association's 2010 financial statements where, in my report dated December 17, 2010, I issued my reviewed report on those financial statements.

A review consists principally of inquiries of Association's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, with the exception of the matter described in the following paragraph, I am not aware of any material modifications that should be made to the Association's accompanying 2011 and 2010 financial statements in order for them to be in conformity with generally accepted accounting principles.

As disclosed in Note 8 to the financial statements, during 2011 the Association received a \$100,000 contribution to help fund its subsequent year's dance programming costs. Such amount is not being reported as revenues in the accompanying financial statements as required by generally accepted accounting principles, but it is included in deferred revenues on the balance sheet.

The supplement information included in the accompanying Schedule of Expenditures of Government Grants is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto.



New Orleans, Louisiana
December 14, 2011

EIN 72-1188147

NEW ORLEANS BALLET ASSOCIATION
Statements of Financial Position
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 1,217,300.	1,056,386.
Investments-currently available (note 2)	62,603.	82,596.
Accounts, accruals and grants receivable	12,891.	57,649.
Prepaid expenses	0.	3,733.
Restricted cash to investment in property and equipment (note 3)	272,667.	272,667.
Assets held for permanently restricted net assets:		
Funds held in trust by others (note 4)	<u>231,115.</u>	<u>183,395.</u>
Totals	\$ <u>1,796,576.</u>	<u>1,636,426.</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 181,297.	203,812.
Deferred revenues	<u>673,746.</u>	<u>561,856.</u>
Total liabilities	<u>855,043.</u>	<u>765,668.</u>
<u>Net assets</u>		
Unrestricted:		
Board designated for investment in property and equipment	250,000.	250,000.
Undesignated	<u>315,321.</u>	<u>292,266.</u>
	565,321.	542,266.
Temporarily restricted	145,097.	145,097.
Permanently restricted	<u>231,115.</u>	<u>183,395.</u>
Total net assets	<u>941,533.</u>	<u>870,758.</u>
Totals	\$ <u>1,796,576.</u>	<u>1,636,426.</u>

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Activities
For the years ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2011</u>	<u>2010</u>
Revenues and gains from operations:					
Performance contributions	\$ 585,972.	0.	0.	585,972.	515,509.
Performance revenues	573,834.	0.	0.	573,834.	613,115.
Interest and dividends	4,773.	0.	0.	4,773.	11,674.
Miscellaneous	14,927.	0.	0.	14,927.	11,830.
Government grants	0.	142,915.	0.	142,915.	240,559.
Endowment contribution	0.	0.	15,000.	15,000.	30,000.
Fund-raising-Bravo	228,499.	0.	0.	228,499.	286,977.
Earnings (loss) from endowment	0.	0.	33,802.	33,802.	17,325.
Net assets released from restrictions	<u>142,915.</u>	<u>(142,915.)</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
Total revenues and gains from operations	<u>1,550,920.</u>	<u>0.</u>	<u>48,802.</u>	<u>1,599,722.</u>	<u>1,726,989.</u>
Operating expenses:					
Production costs	1,194,182.	0.	0.	1,194,182.	1,176,619.
General & administrative	333,683.	0.	1,082.	334,765.	412,115.
Total operating expenses	<u>1,527,865.</u>	<u>0.</u>	<u>1,082.</u>	<u>1,528,947.</u>	<u>1,587,734.</u>
Increase in net assets	23,055.	0.	47,720.	70,775.	138,255.
Net Assets - beginning of year	<u>542,266.</u>	<u>145,097.</u>	<u>183,395.</u>	<u>870,758.</u>	<u>732,503.</u>
Net Assets - end of year	\$ <u>565,321.</u>	<u>145,097.</u>	<u>231,115.</u>	<u>941,533.</u>	<u>870,758.</u>

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Statements of Cash Flows
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 70,775.	138,255.
Adjustments to reconcile increase from net assets to net cash provided by operating activities:		
Changes in:		
Accounts, accruals & grants receivable	44,758.	(44,713)
Prepaid expenses	3,733.	3,663.
Accounts payable and accrued expenses	(22,515.)	98,650.
Deferred performance revenues	111,890.	(15,739)
Net cash provided in operating activities	<u>208,641.</u>	<u>180,116.</u>
Cash flows from investing activities:		
Earnings (loss) from funds held in trust by others	(32,720.)	(17,325)
Net cash provided by investing activities	<u>(32,720.)</u>	<u>(17,325)</u>
Cash flows from financing activities:		
Cash restricted for investment in property and equipment or funds held in trust	(15,000.)	(30,000)
Net cash used by financing activities	<u>(15,000.)</u>	<u>(30,000)</u>
Net increase in cash	160,921.	132,791.
Cash or cash equivalents - beginning of year	1,118,982.	986,191.
Cash or cash equivalents - end of year	\$ <u>1,279,903.</u>	<u>1,118,982.</u>

See accompanying notes and accountant's review report to financial statements.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2011

Note 1 -Description of the Organization and Summary of Significant Accounting Policies

(a) Nature of Organization

The New Orleans Ballet Association (the Association) was chartered on August 14, 1969 with a name change becoming effective October 18, 1991. It engages principally in the promotion of dance through live performances for the general public, educational programs to promote dance to the youth of their city and also other programs that encourage the development of an appreciation of dance.

The New Orleans Ballet Association is classified as a 501(c)(3) not for profit organization by the United States Internal Revenue Service. As such, it is exempt from U.S. federal and state income taxes, and contributions are deductible for income tax purposes.

(b) Summary of Significant Accounting Policies

New Contributions

New contributions are accrued when all the events required for the transfer of the assets from the donor to the Association have occurred.

Promises To Give

Contributions or grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions or grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

The Association records donated securities at their fair market value at the date of donation. Investments are shown in the financial statements at approximate current market value. Realized and unrealized gains and losses are included in the statement of activities.

Dividend and interest income from investments is accrued as the income is earned.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2011

Note 1 -Description of the Organization and Summary of Significant Accounting Policies (continued)

(b) Summary of Significant Accounting Policies(continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Classes of Net Assets

The financial statements report amounts by class of net assets:

“Unrestricted Net Assets” include funds received from subscription revenues, contributions and grants from both individuals, corporate and government entities which impose no restrictions on the Association as to their use or purpose. Such funds are reserved and expended for the promotion of dance and acquisition of property and equipment as deemed appropriate by the Board of Directors.

“Temporarily Restricted Net Assets” include funds that are donor designated gifts and grants, whereby the donor at the time of the gift may specifically identify the type of charitable or dance activity to be benefitted and provide guidelines for the timing of distribution. These type of funds are handled by the Association as a service to donors and beneficiaries. In addition, the unexpended income derivable from permanently restricted funds is recorded in those funds. Also, some Temporarily Restricted Funds are designated by the Board of Directors for specific purposes and will be used in the upcoming year.

“Permanently Restricted Net Assets” includes an endowment which provided that the principal assets of its trust fund are to be maintained inviolate and in perpetuity.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be highly liquid depository accounts with maturities of less than three months.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2011

(b) Summary of Significant Accounting Policies(continued)

Support, revenues and expenses

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises to pay are made, or ownership of other assets is transferred to Association. In addition, performance support and revenues (ticket sales) that are received specifically for future performances are recorded as deferred revenues on the statement of financial position to the specified performance is completed.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purposes restriction is satisfied, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Association reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Reclassification

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

Note 2 - Investments

Investments in currently available accounts are shown at market values. These investments are in mostly government securities located in fixed income money-market type funds. The market values and cost of these investments are:

		<u>June 30, 2011</u>		<u>June 30, 2010</u>	
		Market	Cost or	Market	Cost or
		<u>Value</u>	<u>Assigned</u>	<u>Value</u>	<u>Assigned</u>
			<u>Amount</u>		<u>Amount</u>
Fixed income funds	\$	<u>62,603.</u>	<u>31,033.</u>	<u>62,596.</u>	<u>31,033.</u>

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2011

Note 3 - Cash restricted to investment in property and equipment

The Association's Board of Directors has reserved \$250,000 of its cash for the purchase of a new building (see note 5). The Association is actively seeking a property to relocate its operations to in the upcoming year. In addition, one of its major benefactors has also contributed \$22,667 for this restricted purpose.

Note 4 - Funds Held in Trust by Others

The Association has an endowment fund held by The Greater New Orleans Foundation which is the trustee. This fund originated from a grant by the Arts Council of New Orleans under its Partnership Endowment Grant Program through the National Endowment for the Arts. Under the terms of this endowment fund, the Association in a prior year contributed \$22,500 in order to receive the accumulated balance in the fund since 1987 (the date of the grant). The Association is allowed to withdraw only 4% annually of the endowment fund's average balance over the last twelve quarters. Beginning for the year ended June 30, 2008, the Association has elected to automatically reinvest all fund distributable earnings back into this endowment. During the current year, the Association received a donation of \$15,000. to this endowment fund. This endowment continues for as long as the Association is in legal existence.

		<u>2011</u>	<u>2010</u>
Market value	\$	<u>231,115.</u>	<u>183,395.</u>

Note 5 - Building Lease

The Association's office rent for the year's ended June 30, 2011 was \$13,500 and for 2010 it was \$19,083. This lease will terminate effective February 2012 by mutual agreement. This office space is being supplied by one of its loyal benefactors and the difference between fair market rent and the amount the Association pays is not considered material.

Note 6 - Board of Director's Compensation

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

Note 7 - Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial Instruments within the scope of FASB ASC 820-10 are included in the table below.

NEW ORLEANS BALLET ASSOCIATION
Notes to Financial Statements
June 30, 2011

Note 7 - Fair Value of Financial Instruments (continued)

Fair Value Measurement of Reporting Date

	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Financial Assets:			
Cash and money market funds	\$ 1,279,903.	0.	0.
Receivables	12,891.	0.	0.
Restricted cash	503,782.	0.	0.
Financial Liabilities:			
Accounts payable and accrued expenses	(181,297.)	0.	0.
Deferred revenues	(573,746.)	0.	0.
	<u>\$ 1,041,533.</u>	<u>0.</u>	<u>0.</u>

The assumptions to fair value are as follows:

1. Cash and cash equivalents carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.
2. Receivables and liabilities are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk.

Note 8 - Performance Contribution

As noted in the Accountant's Review Report (page 1), management has decided not to recognize as revenue a year-end contribution of \$100,000. Instead the revenue will be recognized in 2011-12 because the funds are designated for community based free children's programs in 2011-12. This decision allows the revenues to be better matched with the programs for the upcoming year. It is being treated as unearned revenues on its balance sheet where it will be recognized as revenues in the subsequent year. This is not in accordance with generally accepted accounting principles as all contributions are to be treat as revenue when received unless they have restrictions or stipulations that make the contribution refundable if not met or the likelihood of meeting those conditions are very uncertain. This departure has the effect of under stating revenues by that amount.

Note 9 - Subsequent Events

The subsequent events of the Association were evaluated through the date the financial statements were available to be issued (December 14, 2011). Effective early in 2012, the Association will begin a new lease for office space in a another building. This lease is for 62 months with a optional termination date after 36 months. The first calendar year's lease cost is \$52,296.

SUPPLEMENTAL INFORMATION

NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
June 30, 2011

<u>Government Agency and Grant Number</u>	<u>Program Supported</u>	<u>Period of Grant</u>	<u>Amount Granted</u>
1. National Endowment			
#10-3300-7041	Dance Education	Dec 2010	\$ 45,000.
#09-3348-7189	Alwin Nikolais	Dec 2010	\$ 50,000.
2. Southern Arts Federation			
#3621/2011	Trey McIntyre Project	Feb 2011	\$ 6,375.
3. Louisiana Office of Cultural Development, Division of the Arts			
#FY 11-234	Stabalization	Feb 2011	\$ 22,500.
4. Arts Council of N. O.			
#2010-162	General Operations	Dec 2010	\$ 15,210.
#11-154	Project Assistance	Jun 2011	\$ <u>3,830.</u>
	Total Government Grants		\$ <u>142,915.</u>

NEW ORLEANS BALLET ASSOCIATION
Schedule of Expenditures of Government Grants
(Continued)
June 30, 2011

Notes to Schedule:

- a. Some part of these grant amounts (usually 25%) are shown as receivables and for the current year ended 6/30/2011 there was \$6,583.
- b. All of the above grant receivables have subsequently been fully collected and if allocated for a specific program those programs have all been performed and proper supporting documents have been filed with those respective agencies. In addition, all of the above listed grants were in cash and there was not any non-cash governmental assistance.
- c. Since the Association received less than \$500,000 in Federal grants for the year it is exempt from Federal audit requirements under OMB's Circular No. A-133 "Audit of States, Local Governments and Non-Profit Organizations" (revised June 24, 1997) although the Association records are available for review or audit by any appropriate Federal, City or State agencies. These financial statements and schedule conform to that OMB circular's requirements.

MICHAEL A. PLEMER
Certified Public Accountant

Independent Accountant's Report on Applying Agreed-Upon Procedures

The Board of Directors
New Orleans Ballet Association:

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the New Orleans Ballet Association, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about the New Orleans Ballet Association compliance with certain laws and regulations during the year ended June 30, 2011, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with 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, I 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.

Federal, State, and Local Awards

- 1. Determine the amount of all Federal, state and local award expenditures for the fiscal year by grant and grant year. The New Orleans Ballet Association's award expenditures for all programs for the fiscal year ended June 30, 2011 are being reported in the Accountant's Review Report's supplemental information..**
- 2. For each Federal, state, and local award, I selected appropriate 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, I traced the six disbursements to supporting documentation as to proper amount and payee. I examined supporting documentation for each of the six 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, I determined if the six disbursements were properly coded to the correct fund and general ledger account. All of the payments were properly coded to the correct fund and general ledger account.**

5. For the items selected in procedure 2, I determined whether the six disbursements received approval from proper authorities. Inspection of documentation supporting each of the six selected disbursements indicated approvals from the financial officer and executive director.

6. For the items selected in procedure 2, I determined whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, I determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

I reviewed the previously listed disbursements for types of services allowed or not allowed.

Eligibility

I reviewed the previously listed disbursements for eligibility requirements.

Reporting

I reviewed the previously listed disbursements for reporting requirements.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, I compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree. The six disbursements selected included two Federal programs that were closed out during the period of my review. I compared the close-out reports for these two Federal programs with the entity's financial records. The amounts reported on the close-out reports agreed to the entity's financial records.

Meetings

8. I examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law). New Orleans Ballet Association is only required to post a notice of each meeting and the accompanying agenda on the door of the New Orleans Ballet Association's office building or the location of the meeting if it is at a board member's office. Management has made copies of each meeting sign and has asserted that such documents were properly posted, I could find no evidence which disputed this assertion. Therefore, I believe this meeting posting requirement has now been met.

Comprehensive Budget

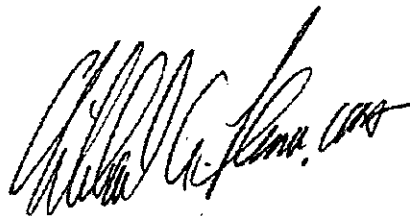
9. For all grants exceeding five thousand dollars, I determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance. New Orleans Ballet Association provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

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

I was not engaged to, nor did I perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of New Orleans Ballet Association, 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.



December 14, 2011

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

02/15/2012 (Date Transmitted)

Michael A. Plemer, CPA

3727 Nashville Ave.

New Orleans, LA 70125

(Auditors)

In connection with your review of our financial statements as of June 30, 2011 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).

December 14, 2011

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 R.S. 42:1 through 42:13 (the open meetings law).

Yes 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 No

Prior Year Comments

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

Yes 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 that may occur up to the date of your report.

Amela M Williams Secretary 12/14/2011 Date

[Signature] Treasurer 12/14/2011 Date

Charlotte Bollinger President 12/14/2011 Date