JEFFERSON PERFORMING ARTS SOCIETY

METAIRIE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

ERICKSEN KRENTEL & LAPORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jefferson Performing Arts Society

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson Performing Arts Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Performing Arts Society as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Jefferson Performing Arts Society as of June 30, 2012, were audited by other auditors whose report dated December 21, 2012, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of Jefferson Performing Arts Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Performing Arts Society's internal control over financial reporting and compliance.

December 31, 2013
New Orleans, Louisiana

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

Exhibit "A"

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS:		
Cash and cash equivalents	$ 39,804	$ 2,489
Accounts receivable	1,027,394	665,957
Prepaid expenses	102,116	18,545
Unconditional promise to give - current	16,815	21,272
Investments	155,339	141,946
Property and equipment - net	367,202	381,285
Unconditional promise to give - long-term	-	16,815
Beneficial interest in remainder trust	-	73,000
Total assets	$ 1,708,670	$ 1,321,309
LIABILITIES:		
Accounts payable	$ 1,545	$ 587
Unearned revenue	244,890	199,315
Line of credit	24,998	164,998
Note payable	-	5,924
Total liabilities	271,433	370,824
NET ASSETS:		
Unrestricted	1,260,689	691,827
Temporarily restricted	119,298	201,408
Permanently restricted	57,250	57,250
Total net assets	1,437,237	950,485
Total liabilities and net assets	$ 1,708,670	$ 1,321,309

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "B"

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OTHER REVENUES				
Contributions	$ 87,267	$ 4,394	$ -	$ 91,661
Grant - Jefferson Parish	425,000	-	-	425,000
Grant - State of Louisiana	350,000	-	-	350,000
Grant - City of Westwego	250,000	-	-	250,000
Auto rental tax contribution	85,859	-	-	85,859
Program service revenue	757,987	-	-	757,987
Investment income, net	-	13,393	-	13,393
	1,956,113	17,787	-	1,973,900
Net assets released from restrictions	99,897	(99,897)	-	-
Total support and other revenues	2,056,010	(82,110)	-	1,973,900
EXPENSES:				
Program services	1,162,894	-	-	1,162,894
Supporting services:				
Management and general	180,497	-	-	180,497
Fundraising	70,757	-	-	70,757
Total expenses	1,414,148	-	-	1,414,148
Change in net assets before change in value of charitable remainder trust	641,862	(82,110)	-	559,752
Change in value of charitable remainder trust	(73,000)	-	-	(73,000)
Change in net assets	568,862	(82,110)	-	486,752
Net assets, beginning of year	691,827	201,408	57,250	950,485
Net assets, end of year	$ 1,260,689	$ 119,298	$ 57,250	$ 1,437,237

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OTHER REVENUES				
Contributions	$ 69,855	$ 5,625	$ -	$ 75,480
Grant - Jefferson Parish	100,000	-	-	100,000
Grant - State of Louisiana	411,348	-	-	411,348
Grant - City of Westwego	293,803	-	-	293,803
Auto rental tax contribution	368,626	-	-	368,626
Program service revenue	892,372	-	-	892,372
Investment income, net	-	10,667	-	10,667
	2,136,004	16,292	-	2,152,296
Net assets released from restrictions	196,218	(196,218)	-	-
Total support and other revenues	2,332,222	(179,926)	-	2,152,296
EXPENSES:				
Program services	1,634,323	-	-	1,634,323
Supporting services:				
Management and general	243,480	-	-	243,480
Fundraising	104,289	-	-	104,289
Total expenses	1,982,092	-	-	1,982,092
Change in net assets	350,130	(179,926)	-	170,204
Net assets, beginning of year	341,697	381,334	57,250	780,281
Net assets, end of year	$ 691,827	$ 201,408	$ 57,250	$ 950,485

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 369,092	$ 79,786	$ 46,250	$ 495,128
Payroll taxes and employee benefits	55,679	12,036	6,977	74,692
Total salaries and related expenses	424,771	91,822	53,227	569,820
Professional fees and contract services	211,351	17,300	13,588	242,239
Supplies and materials	60,723	-	-	60,723
Telephone	23,715	5,929	-	29,644
Postage and shipping	12,104	-	-	12,104
Occupancy	121,111	30,278	-	151,389
Rental and maintenance of equipment	168,766	14,525	-	183,291
Printing, publications, and visual aids	19,289	-	-	19,289
Travel, conferences, conventions, and meeting	3,157	1,051	-	4,208
Miscellaneous	32,712	10,105	-	42,817
Membership dues	-	3,731	-	3,731
Interest	-	2,940	-	2,940
Volunteer expenses	1,208	-	-	1,208
Promotion and advertising	72,721	-	3,942	76,663
Depreciation and amortization	11,266	2,816	-	14,082
Total functional expenses	$ 1,162,894	$ 180,497	$ 70,757	$ 1,414,148

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 343,414	$ 78,264	$ 72,000	$ 493,678
Payroll taxes and employee benefits	51,631	11,767	10,824	74,222
Total salaries and related expenses	395,045	90,031	82,824	567,900
Professional fees and contract services	404,416	27,903	21,422	453,741
Supplies and materials	144,201	16,022	-	160,223
Telephone	21,179	5,295	-	26,474
Postage and shipping	15,422		-	15,422
Occupancy	123,862	30,965	-	154,827
Rental and maintenance of equipment	179,306	30,056	-	209,362
Printing, publications, and visual aids	23,204	664	-	23,868
Travel, conferences, conventions, and meeting	15,807	9,621	-	25,428
Miscellaneous	81,377	3,927		85,304
Membership dues	-	3,649	-	3,649
Interest	-	1,394	-	1,394
Volunteer expenses	3,497	-	-	3,497
Promotion and advertising	227,007	-	43	227,050
Depreciation and amortization	-	23,953	-	23,953
Total functional expenses	$ 1,634,323	$ 243,480	$ 104,289	$ 1,982,092

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:		
Change in net assets	$ 486,752	$ 170,204
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	14,082	23,953
Amortization of discount on unconditional promises to give	(11,727)	(10,664)
Net unrealized and realized (gains) losses on investments	(9,656)	(9,097)
Change in value of charitable remainder trust	73,000	-
(Increase) decrease in:		
Accounts receivable	(361,437)	(618,093)
Prepaid expenses	(83,571)	(2,057)
Unconditional promises to give	33,000	33,000
Increase (decrease) in:		
Accounts payable	958	(5,387)
Unearned revenue	45,575	62,432
Net cash from (used for) operating activities	186,976	(355,709)
CASH FLOWS(USED FOR) INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(8,740)
Purchase of investments	(3,737)	(1,570)
Net cash (used for) investing activities	(3,737)	(10,310)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:		
Net borrowings (repayments) on lines of credit	(140,000)	164,998
Principal payments on long-term debt	(5,924)	(5,925)
Net cash from (used for) financing activities	(145,924)	159,073
Net increase (decrease) in cash and cash equivalents	37,315	(206,946)
Cash and cash equivalents, beginning of year	2,489	209,435
Cash and cash equivalents, end of year	$ 39,804	$ 2,489

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PERFORMING ARTS SOCIETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Jefferson Performing Arts Society (JPAS), a non-profit organization, is one of Louisiana's fastest growing and largest multi-dimensional arts organization. JPAS' mission is to promote arts performance, training, and outreach by providing a diverse range of quality programs that entertain, educate and enrich the cultural and economic vitality of South Louisiana, Mississippi and communities throughout the Gulf South.

JPAS focuses on three main elements:

Performance: JPAS annually provides a wide range of theatrical performances that appeal to many interests and age groups. Most seasons include a selection of grand opera, musical theater, dance and music. JPAS strives to network and partner with national and international artists and companies to bring new and diverse programming to the Southern Region.

Training: JPAS provides performance and technical based training in the arts for all ages with a particular focus on young people.

Outreach: JPAS provides arts education programming in local area schools, as well as access to professional theatrical experiences that align to classroom curricula and Louisiana Content Standards, including Arts Adventure Series, Cultural Crossroads and Stage Without A Theatre. JPAS provides performers, musicians, artistic experiences and expertise to select area events and organizations to enrich the community.

In the fall of 2004, JPAS expanded its outreach to include the west bank of Jefferson Parish through the management of the new Westwego Performing Arts Theatre and the Westwego Community Center, which was re-named Teatro Wego! Theatre. For the 2011-2013 seasons, JPAS continued its outreach to twelve venues in eight cities, five parishes and two states.

Associated Activities

JPAS Symphony Orchestra
Children's Chorus and Youth Chorale
JPAS Ballet
Arts Adventure Series
Theatre Kids! Competition Team
JPAS Theatre Wing
JPAS Broadway Pit Orchestra
JPAS Opera Theatre
Leading Ladies Guild
JPAS Conservatory for High School Students
Stage Without a Theatre (SWAT)
Cultural Crossroads
Summer Musical Theatre Intensives
Jefferson Performing Arts Center
Westwego Performing Arts Theatre
Teatro Wego! Theatre
Arts Partners'
The Maestro Circle
Annual Pasta & Puccini Gala
Theatre for Young Audiences

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of JPAS have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

JPAS reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets
Net assets subject to donor-imposed stipulations.

Temporarily Restricted Net Assets
Net assets subject to donor-imposed stipulations that may or will be met either by (a) actions of JPAS, and/or (b) passage of time.

Permanently Restricted Net Assets
Net assets subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for JPAS.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consist of grants receivable. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

No allowance for doubtful accounts was deemed necessary by management for the years ended June 30, 2013 and 2012.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Prepaid Expenses

The balance in this account consists of amounts paid during each year for performances and events that have not yet occurred.

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt. JPAS participates in a pooled investment program managed by the Greater New Orleans Foundation.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable; therefore requiring JPAS to develop its own assumptions.

Deferred Revenue

The balance in this account consists of amounts collected during each year for sponsorships, ticket sales, and summer camp fees to be presented in the following year.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All property, furniture, equipment and leasehold improvements are recorded at cost. It is the policy of JPAS to capitalize all property and equipment with an acquisition cost in excess of $5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	39 years
Leasehold improvements	10 to 39 years
Equipment and furniture	5 to 7 years

Contributions and Revenue Recognition

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

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period 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 restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates developed by management studies.

Income Taxes

JPAS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

JPAS' evaluation as of June 30, 2013 revealed no tax positions that would have a material impact on the financial statements. The 2010 through 2012 tax years remain subject to examination by the IRS. JPAS does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are charged to expenses as incurred. For the years ended June 30, 2013 and 2012, advertising expenses totaled $72,721 and $227,007, respectively.

Subsequent Events

Subsequent events have been evaluated through December 31, 2013, which is the date the financial statements were available to be issued.

(2) DONATED FACILITIES AND SERVICES

Donated Facilities

On April 15, 2004, JPAS renewed its lease with Jefferson Parish for office space located at 1118 Clearview Parkway in Metairie, Louisiana. The renewal is for a ten-year period, which ends April 14, 2014, and requires annual rent of $1. Management estimated the fair value of the rent to be $33,000 annually. In connection with this lease agreement, JPAS discounted the value of the ten-year term and recorded a temporarily restricted contribution at the beginning of the lease. For the year ended June 30, 2013, net assets released from restriction of $11,728 and rent expense of $33,000 were recorded in connection with this lease agreement. For the year ended June 30, 2012, net assets released from restriction of $10,664 and rent expense of $33,000 were recorded in connection with this lease agreement. The remaining net present value of the lease is included in unconditional promises to give.

JPAS entered an agreement with Jefferson Parish School Board, which extends through September 1, 2015, for the use of the auditorium at East Jefferson High School for scheduled performances throughout the fiscal year. The in-kind support includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all scheduled events. No rent is paid by JPAS under this agreement and the amount of the support is not readily determinable on an annual basis. No amounts for such support have been recognized in the accompanying Statement of Activities as the criteria for recognition have not been satisfied.

JPAS also entered an agreement with the City of Westwego, which extends through September 1, 2015, for the use of the theatre at the Westwego Performing Arts Center for scheduled performances throughout the fiscal year. The in-kind support includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all scheduled events. No rent is paid by JPAS under this agreement and the amount of the support is not readily determinable on an annual basis. No amounts for such support have been recognized in the accompanying Statement of Activities as the criteria for recognition have not been satisfied.

(2) DONATED FACILITIES AND SERVICES (CONTINUED)

Donated Services

A substantial number of volunteers have donated their time and services to JPAS for fundraising and program activities. No amounts are reflected in the accompanying financial statements for such services as they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made.*

(3) UNCONDITIONAL PROMISE TO GIVE

Unconditional promise to give consists of the net present value of the lease agreement with Jefferson Parish for office space located at 1118 Clearview Parkway, Metairie, Louisiana, as stated in Note 2.

This unconditional promise to give is as follows at June 30th:

	2013	2012
Receivable in less than one year	$ 27,390	$ 33,000
Receivable in one to five years	-	27,390
Total unconditional promise to give	27,390	60,390
Less discounts to net present value	(10,575)	(22,303)
Net unconditional promise to give	$ 16,815	$ 38,087

(4) INVESTMENTS

Investments are stated at market value and consist of the following at June 30th:

	2013	2012
Greater New Orleans Foundation		
Investment Pool	$ 84,150	$ 77,012
Morgan Stanley		
Money Market	1,810	700
Equity Securities	49,467	46,361
Mutual Funds	19,912	17,873
	$ 155,339	$ 141,946

The investment pool, which is managed by the Greater New Orleans Foundation (GNOF), consists of equity, fixed income, money market funds and other investments determined by GNOF.

(4) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return classified as temporarily restricted in the Statement of Activities for the year ended June 30th:

	2013	2012
Interests and dividends	$ 4,239	$ 2,040
Realized gains	1,302	1,931
Unrealized gains	8,354	7,166
Investment fees	(502)	(502)
	$ 13,393	$ 10,667

(5) FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with FASB ASC topic 820, *Fair Value Measurements and Disclosures*, the fair value of these assets and investments are categorized based on the fair value hierarchy. See Note 1 for a description of JPAS' policies and valuation procedures.

An investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

JPAS' measurements of fair value are made on a recurring basis, and their valuation techniques for assets recorded at fair value are as follows:

Investment pool – Fair value is determined by reference to values provided by the fund management, which are indirectly observable or unobservable.

Money market – Fair value approximates cost basis.

Equity securities and mutual funds – Fair value is determined by quoted market prices, when available, or market prices provided by recognized broker dealers.

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Fair Value
Investment Pool	$ 26,645	$ 46,741	$ 10,764	$ 84,150
Money Market	1,810	-	-	1,810
Equity Securities	49,467	-	-	49,467
Mutual Funds	19,912	-	-	19,912
Total	$ 97,834	$ 46,741	$ 10,764	$ 155,339

(5) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2012:

	Level 1	Level 2	Level 3	Fair Value
Investment Pool	$ 23,974	$ 41,354	$ 11,684	$ 77,012
Money Market	700	-	-	700
Equity Securities	46,361	-	-	46,361
Mutual Funds	17,873	-	-	17,873
Total	$ 88,908	$ 41,354	$ 11,684	$ 141,946

The following table sets forth a summary of changes in the fair value of the plan's level 3 assets for the year ended June 30:

	2013	2012
Balance, beginning of year	$ 11,684	$ 5,336
Purchases, sales, issuances and settlements (net)	(920)	6,348
Balance, end of year	$ 10,764	$ 11,684

(6) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30^{th}:

	2013	2012
Building	$ 250,734	$ 250,734
Leasehold improvements	85,878	85,878
Equipment and furniture	459,464	459,464
	796,076	796,076
Less: accumulated depreciation	(541,215)	(537,132)
	254,861	268,944
Land	112,341	112,341
Total	$ 367,202	$ 381,285

Depreciation expense totaled $14,082 and $23,953 for the years ended June 30, 2013 and 2012, respectively.

(7) BENEFICIAL INTERESTS IN REMAINDER TRUST

JPAS has a one-eighth interest in the NIMS irrevocable trust. The trust owns two pieces of real estate. As of June 30, 2012 the net present value of the interest in the trust is $73,000. Upon evaluation of the trust at June 30, 2013, management determined that the trust was terminated. This determination resulted in a change in value of the charitable remainder trust of $73,000, which is reflected in the accompanying Statement of Activities for the year ended June 30, 2013.

(8) LINE OF CREDIT

JPAS has a line of credit with Capital One Bank, which provides short-term borrowings up to $100,000. Interest and principle on advances is payable monthly at the prime rate plus 1%. The outstanding balance at June 30, 2013 and 2012 is $24,998 and $90,316, respectively.

JPAS has a line of credit with FNBC, which provides short-term borrowings up to $300,000. Interest and principle on advances is payable monthly at the rate of 3.25%. The credit line matured on April 19, 2013, as such, there was no outstanding balance at June 30, 2013. The outstanding balance at June 30, 2012 was $74,682.

(9) NOTE PAYABLE

JPAS has a note payable to Ford Motor Credit secured by a truck. Interest and principle is payable monthly at a rate of 9%, with final payment due April 30, 2013. There was no outstanding balance at June 30, 2013. The outstanding balance at June 30, 2012 was $5,924.

(10) NET ASSETS

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes at June 30th:

	2013	2012
Board-designated endowment fund	$ 46,070	$ 46,070
Endowment investment income	52,019	38,626
Jefferson Parish building rental	16,815	38,087
Arts Council grant	4,394	5,625
Nims Charitable Remainder Trust	-	73,000
	$ 119,298	$ 201,408

(10) NET ASSETS (CONTINUED)

Permanently Restricted

Net assets were permanently restricted for the formation of an endowment fund. The purpose of the endowment fund is to provide a perpetual source of money to assure the future growth and health of Jefferson Performing Arts Society as stated in Note 11. At June 30, 2013 and 2012, permanently restricted net assets totaled $57,250.

Released from Restriction

Temporarily restricted net assets were released from restrictions for the following purposes during the year ended June 30th:

	2013	2012
Jefferson Parish building rental	$ 21,272	$ 22,336
City of Westwego (2009-12)	-	173,882
Arts Council grant	5,625	-
Nims Charitable Remainder Trust	73,000	-
Total	$ 99,897	$ 196,218

(11) ENDOWMENT FUNDS

The Endowments. JPAS' endowment consists of two funds established for a variety of purposes. Its endowment includes permanently restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Board of Directors of JPAS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JPAS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

(11) ENDOWMENT FUNDS (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JPAS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JPAS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JPAS, (7) and JPAS' investment policies.

Return Objectives and Risk Parameters

JPAS has adopted investment and spending policies for endowment assets that attempt to grow the fund in order to eventually provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. JPAS seeks to build endowment assets through additional contributions.

Spending Policies

JPAS has a policy of appropriating for distribution when needed the endowment fund's investment income that is not permanently restricted, and JPAS generally expends the endowment fund's investment income for the programs supported by the endowment. The current spending policy is expected to allow the JPAS' endowment fund to grow as a result of investment returns. This is consistent with JPAS' objectives to provide income for its programs supported by the endowment, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts. As such, the board expects spending to be minimal as to allow for growth through investment return.

Endowment net asset composition by type of fund as of June 30, 2013 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ 26,900	$ 57,250	$ 84,150
Board-designated funds	71,189	-	71,189
	$ 98,089	$ 57,250	$ 155,339

(11) ENDOWMENT FUNDS (CONTINUED)

Change in endowment net assets as of June 30, 2013 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 84,696	$ 57,250	$ 141,946
Investment income	5,541	-	5,541
Net appreciation	8,354	-	8,354
Amounts appropriated for expenditure	(502)	-	(502)
Endowment net assets, end of year	$ 98,089	$ 57,250	$ 155,339

Endowment net asset composition by type of fund as of June 30, 2012 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ 19,762	$ 57,250	$ 77,012
Board-designated funds	64,934	-	64,934
	$ 84,696	$ 57,250	$ 141,946

Change in endowment net assets as of June 30, 2012 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 74,029	$ 57,250	$ 131,279
Investment income	3,971	-	3,971
Net appreciation	7,166	-	7,166
Amounts appropriated for expenditure	(470)	-	(470)
Endowment net assets, end of year	$ 84,696	$ 57,250	$ 141,946

(12) BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the years ended June 30, 2013 and 2012.

(13) CONCENTRATIONS OF CREDIT RISK

JPAS maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On June 30, 2013 and 2012, JPAS had no cash balances in excess of FDIC insured limits. The cash balances, at times, may exceed federally insured limits. JPAS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

JPAS' support through State and Parish grants represent 57% and 50% of total support earned for the years ended June 30, 2013 and 2012, respectively.

(14) SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2013 and 2012 was $2,940 and $1,394, respectively.

(15) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation.

ERICKSEN KRENTEL & LAPORTE L.L.P.

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JAMES E. TONGLET†

*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - DECEASED
J.V. LECLERE KRENTEL - DECEASED

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Jefferson Performing Arts Society

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson Performing Arts Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Performing Arts Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Performing Arts Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2013-001 and 2013-002 that we consider to be significant deficiencies.

ERICKSEN KRENTEL & LAPORTE L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of
Jefferson Performing Arts Society
December 31, 2013

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Performing Arts Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards.*

Jefferson Performing Arts Society's Response to Findings

Jefferson Performing Arts Society's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Jefferson Performing Arts Society's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 31, 2013
New Orleans, Louisiana

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

JEFFERSON PERFORMING ARTS SOCIETY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Jefferson Performing Arts Society.

2. Two significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of Jefferson Performing Arts Society were reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards.*

4. A management letter was not issued for the year ended June 30, 2013.

SECTION II FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

2013-001 Lack of Documentation over Cash Receipts

Finding: During our audit procedures on sponsorships and donations, we identified a lack of control in the receiving, depositing and recording of cash receipts. JPAS' accounting procedures in place do not require the retention of supporting documentation of cash receipts related to sponsorships and donations. Without this supporting documentation, it is difficult for the accounting department to determine whether the receipts are properly recorded as revenue or deferred revenue, and whether these funds are maintained in accordance with any donor restrictions.

Recommendation: JPAS should redesign its controls over cash receipts related to sponsorships and donations and update its accounting procedures manual, accordingly. Management should consider requiring the preparation of a daily cash receipts listing and retaining copies of checks and related donor transmittal letters, deposit tickets, and donation acknowledgement letters.

Management's Response: Management agrees with recommendation. The Board of Directors will require Management to review and revise its procedures over cash receipts related to sponsorships and donations to ensure all documentation is being properly retained.

2013-002 Compliance Audit Performed by Jefferson Parish

Finding: During this fiscal year, The Jefferson Parish Internal Audit Department performed a compliance audit on the books and records of JPAS and issued an Internal Audit Report dated January 30, 2013. This report determined that because of the lack of internal controls in place at JPAS, it could not be assured that public funds provided by Jefferson Parish are being utilized properly and efficiently and that fraud is not occurring. Specifically, this report identified and detailed twenty-one (21) findings and also provided related recommendations for correction. As recommended, management took corrective action over each finding. Subsequently, the Internal Audit Department performed a follow-up audit and issued its report on May 15, 2013. This follow-up report, noted that all findings from its previous report had been resolved to its satisfaction and no additional management responses were required.

Recommendation: We reviewed the findings with management and performed audit procedures on the most significant findings. We also determined JPAS had made the recommended corrections. Most of the findings were addressed by the development of a comprehensive accounting and financial policies and procedures manual. No additional recommendations required.

Management's Response: Management responded to these findings in a letter dated February 24, 2013 and these findings were considered resolved by Jefferson Parish effective April 23, 2013.

JEFFERSON PERFORMING ARTS SOCIETY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2012-1 Preparation of Financial Statements

The predecessor auditor noted that management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare JPAS' annual financial statements.

This matter has been resolved.

2012-2 Lack of Segregation of Duties

The predecessor auditor noted that there was lack of segregation of duties, which is due to the fact that JPAS has a very small staff. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected.

This matter has been resolved.

JEFFERSON PERFORMING ARTS SOCIETY
MANAGEMENT'S CORRECTIVE ACTIONS PLANS
FOR THE YEAR ENDED JUNE 30, 2013

December 31, 2013
Louisiana Legislative Auditor

Jefferson Performing Arts Society respectfully submits the following corrective action plan for the year ended June 30, 2013.

Name and address of independent public accounting firm:

Ericksen Krentel & LaPorte L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119

Audit Period: July 1, 2012 – June 30, 2013

The findings from the June 30, 2013 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2013-001 Lack of Documentation over Cash Receipts

Recommendation: JPAS should redesign its controls over cash receipts related to sponsorships and donations and update its accounting procedures manual, accordingly. Management should consider requiring the preparation of a daily cash receipts listing and retaining copies of checks and related donor transmittal letters, deposit tickets, and donation acknowledgement letters.

Response: Management agrees with recommendation. The Board of Directors will require Management to review and revise its procedures over cash receipts related to sponsorships and donations to ensure all documentation is being properly retained.

Finding 2013-002 Compliance Audit Performed by Jefferson Parish

Recommendation: We reviewed the findings with management and performed audit procedures on the most significant findings. We also determined JPAS had made the recommended corrections. Most of the findings were addressed by the development of a comprehensive accounting and financial policies and procedures manual. No additional recommendations required.

Response: Management responded to these findings in a letter dated February 24, 2013 and these findings were considered resolved by Jefferson Parish effective April 23, 2013.

If there are any questions regarding this plan, please contact Dennis Assaf, Executive/Artistic Director, at (504) 885-2000.

Sincerely,

Signature

Executive/Artistic Director
Title