



Red River STEM, Inc.

FINANCIAL STATEMENTS

December 31, 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
Red River STEM, Inc.

Opinion

We have audited the accompanying financial statements of Red River STEM, Inc. (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red River STEM, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Red River STEM, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red River STEM, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Red River STEM, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Red River STEM, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes 24:513(A)(3) for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of Red River STEM, Inc.'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 solely 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 the effectiveness of Red River STEM, Inc.'s 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 Red River STEM, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
March 30, 2022



FINANCIAL STATEMENTS



Red River STEM, Inc.
Statement of Financial Position

<i>December 31,</i>	2021
Assets	
Current assets	
Cash and cash equivalents	\$ 1,075,018
City of Shreveport contract receivable	7,159
Promises to give	4,888
Contract assets	42,705
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Total current assets	1,129,770
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Non-current assets	
Property and equipment, net	521,084
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Total non-current assets	521,084
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Total assets	\$ 1,650,854
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Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 75,006
Accrued liabilities	2,835
Current portion of Paycheck Protection Program note payable	31,671
Contract liabilities	41,304
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Total current liabilities	150,816
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Long-term liabilities	
Paycheck Protection Program note payable, less current portion	95,123
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Total liabilities	245,939
<hr/>	
Net assets	
Without donor restrictions	626,704
With donor restrictions	778,211
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Total net assets	1,404,915
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Total liabilities and net assets	\$ 1,650,854
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The accompanying footnotes are an integral part of these financial statements.

Red River STEM, Inc.
Statement of Activities

<i>For the year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Grants	\$ 718,113	\$ 778,211	\$ 1,496,324
Contributions	37,673	-	37,673
City of Shreveport contract revenue	446,676	-	446,676
Admissions	504,653	-	504,653
Fundraisers	5,746	-	5,746
IMAX	93,097	-	93,097
Outreach	42,010	-	42,010
Services	42,659	-	42,659
Summer and Holiday Camps	42,738	-	42,738
Birthday parties	29,150	-	29,150
Rent revenue	10,044	-	10,044
Concessions	19,730	-	19,730
Paycheck Protection Program loan forgiveness	127,696	-	127,696
Other	6,495	-	6,495
Net assets released from restrictions	69,582	(69,582)	-
Total support and revenue	2,196,062	708,629	2,904,691
Expenses			
<i>Program services</i>			
Exhibits and programs	1,716,343	-	1,716,343
Outreach	3,546	-	3,546
Total program services	1,719,889	-	1,719,889
<i>Supporting services</i>			
Management and general	501,461	-	501,461
Fundraising	9,886	-	9,886
Total supporting services	511,347	-	511,347
Total expenses	2,231,236	-	2,231,236
Change in Net Assets	(35,174)	708,629	673,455
Net assets at beginning of year	661,878	69,582	731,460
Net assets at end of year	\$ 626,704	\$ 778,211	\$ 1,404,915

The accompanying footnotes are an integral part of these financial statements.

Red River STEM, Inc.
Statement of Functional Expenses

<i>For the year ended December 31, 2021</i>	Program Services			Supporting Services			Total
	Exhibits and Programs	Outreach	Program Services Subtotal	Management and General	Fundraising	Supporting Services Subtotal	
Payroll and related expenses	\$ 618,733	\$ 3,220	\$ 621,953	\$ 294,801	\$ -	\$ 294,801	\$ 916,754
IMAX	448,760	-	448,760	-	-	-	448,760
Animal Care	7,720	-	7,720	-	-	-	7,720
Utilities	365,296	-	365,296	12,581	-	12,581	377,877
Contract labor	-	-	-	13,444	-	13,444	13,444
Depreciation	86,983	-	86,983	10,967	-	10,967	97,950
Repairs and maintenance	74,809	-	74,809	2,576	-	2,576	77,385
Insurance	50,623	-	50,623	4,874	-	4,874	55,497
Supplies	40,707	288	40,995	26,938	-	26,938	67,933
Licenses and fees	19,809	-	19,809	20,794	-	20,794	40,603
Legal and professional fees	-	-	-	30,445	-	30,445	30,445
Advertising	-	-	-	68,496	-	68,496	68,496
Travel	2,903	38	2,941	-	-	-	2,941
Fundraising	-	-	-	-	9,886	9,886	9,886
Interest	-	-	-	1,167	-	1,167	1,167
Other	-	-	-	14,378	-	14,378	14,378
Total	\$ 1,716,343	\$ 3,546	\$ 1,719,889	\$ 501,461	\$ 9,886	\$ 511,347	\$ 2,231,236

The accompanying footnotes are an integral part of these financial statements.

Red River STEM, Inc.
Statement of Cash Flows

<i>For the Year Ended December 31,</i>	2021
Operating Activities	
Change in net assets	\$ 673,455
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	97,950
Paycheck Protection Program loan forgiveness	(127,696)
Change in assets and liabilities	
City of Shreveport contract receivable	(7,159)
Promises to give	(2,638)
Contract assets	(16,773)
Prepaid expenses	2,676
Accounts payable	34,023
Accrued liabilities	(6,175)
Contract liabilities	27,647
Net cash provided by (used in) operating activities	675,310
Investing Activities	
Purchase of property and equipment	(99,796)
Net cash provided by (used in) investing activities	(99,796)
Financing Activities	
Proceeds from Paycheck Protection Program note payable	126,794
Net cash provided by (used in) financing activities	126,794
Net change in cash and cash equivalents	702,308
Cash and cash equivalents at beginning of period	372,710
Cash and cash equivalents at end of period	\$ 1,075,018
Schedule of Certain Cash Flow Information	
Cash paid for interest	\$ -
Noncash Investing and Financing Activities	
Paycheck Protection Program loan forgiveness	\$ 127,696

The accompanying footnotes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Red River STEM, Inc. (RRSTEM) is a non-profit corporation formed under the laws of the State of Louisiana. RRSTEM provides an educational and entertaining environment for people of all ages to explore and actively participate in the world of science and technology. RRSTEM develops a comprehensive view of the world through the interaction of science and the humanities and serves as a catalyst to encourage lifelong learning. RRSTEM's support comes primarily from donor contributions, government grants, admissions, and memberships.

RRSTEM entered into a cooperative endeavor agreement (the CEA) on August 1, 2018 with the City of Shreveport (the City) to manage and operate the Sci-Port Discover Center (the Center). The term of the agreement is to continue through December 2043, unless otherwise terminated. The agreement may be renewed by the parties for subsequent twenty-five year terms following the expiration of the primary term. RRSTEM or the City have the option to terminate the CEA at any time for any reason with 90 days prior written notice.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. RRSTEM provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patrons to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is RRSTEM's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Contract Assets

Contract assets consist of unbilled receivables under RRSTEM's Cooperative Endeavor Agreement with the City of Shreveport.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contract Liabilities

Income from membership fees, summer camp registration fees, special events, and birthday party deposits received in advance is deferred and recognized over the periods to which the fees and deposits relate.

Net Assets

RRSTEM reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of RRSTEM, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2021, RRSTEM has no net assets subject to perpetual restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue and Revenue Recognition

Admissions, memberships, sales, and payments under cost-reimbursable contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, RRSTEM recognized revenue when persuasive evidence of an arrangement existed, delivery of services had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

A significant portion of RRSTEM's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by RRSTEM. No amounts related to donated services have been recorded for the year ended December 31, 2021, since the recognition criteria were not met. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to programs and supporting services as applicable. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll, contract labor, and insurance, which are allocated on the basis of estimates of time and effort; and utilities and building maintenance, which are allocated based on square footage.

Advertising

RRSTEM uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. For the year ended December 31, 2021, RRSTEM's advertising costs totaled \$68,496.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, RRSTEM is exempt from taxes on income other than unrelated business income. There were no unrelated business activities for the year ended December 31, 2021. Accordingly, no tax expense was incurred for the year ended December 31, 2021.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 30, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance Not Yet Adopted

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to bring more transparency and consistency to the presentation and disclosure of gifts-in-kind (GIKs). While many not-for-profits (NFPs) already separately report GIKs and make some of the disclosures required by ASU 2020-07, the new standard will bring presentation and disclosure consistency across NFPs. The standard is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. RRSTEM is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

RRSTEM maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as RRSTEM's expenditures come due. The following reflects RRSTEM's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

<u>December 31,</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,075,018
City of Shreveport contract receivable	7,159
Promises to give	4,888
Contract assets	<u>42,705</u>
<u>Financial assets available to meet general expenditures within one year</u>	<u>\$ 1,129,770</u>

RRSTEM is primarily supported by memberships, admissions, the cooperative endeavor agreement with the City of Shreveport, and grants. As part of the RRSTEM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. RRSTEM's net assets with donor restrictions are available for general expenditures within one year of December 31, 2021, because the restrictions on the net assets are expected to be met by conducting the normal activity of RRSTEM's programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

<i>December 31,</i>	Estimated Useful Lives (in years)	2021
Furniture, fixtures and equipment	5 - 10	\$ 36,734
Computers and software	5 - 7	23,964
Exhibits and IMAX Films	5 - 10	649,080
Total property and equipment		709,778
Less accumulated depreciation		(188,694)
Property and equipment, net		\$ 521,084

Depreciation expense for the year ended December 31, 2021, was \$97,950.

Note 5: PAYCHECK PROTECTION PROGRAM

In April 2020, RRSTEM received a forgivable loan in the amount of \$126,700 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the Small Business Administration (SBA). The PPP provides for forgivable loans to qualifying organizations. In January 2021, the SBA forgave the PPP note payable and accrued interest, totaling \$127,696, and paid the lender on behalf of RRSTEM. RRSTEM has reported the PPP note payable and interest forgiveness with revenues and support in the accompanying Statement of Activities.

In January 2021, RRSTEM received a second forgivable PPP loan in the amount of \$126,794. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment. Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first ten months. Monthly principal and interest payments on the loan commence on the date the SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period through the loan maturity date of January 26, 2026.

Future minimum principal payments due under this note for the next five years total 2022 – \$31,671, 2023 – \$30,530, 2024 – \$30,837, 2025 – \$31,146, and 2026 – \$2,610. On January 14, 2022, the SBA forgave the RRSTEM's second PPP note payable and accrued interest, and paid the lender on behalf of RRSTEM.

Note 5: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE (Continued)

PPP loans issued under \$2 million may be subject to audit by the SBA. RRSTEM may be required to return a portion of the loan proceeds at the conclusion of any such SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%.

Note 6: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2021
Time restricted	\$ 7,500
Purpose restricted	
Upgrade of IMAX projector	665,000
Operation of the Center	105,711
Total net assets with donor restrictions	\$ 778,211

A summary of the release of donor restrictions follows:

<i>For the year ended December 31,</i>	2021
Purpose restrictions	
Operation of the Center	\$ 69,582
Total net assets released from donor restrictions	\$ 69,582

Note 7: REVENUE

RRSTEM is recognizing revenue over time for its annual memberships. As of December 31, 2021, there is \$41,304 of performance obligations to be satisfied, all of which is expected to be recognized in revenue in 2021. These performance obligations are based upon the remaining term of unexpired annual memberships. Patrons typically visit the Center throughout the one-year term of their memberships. As a result, RRSTEM recognizes annual membership revenue on a straight-line basis over the one-year period.

Red River STEM, Inc.
Notes to the Financial Statements

Note 7: REVENUE (Continued)

All remaining revenue recognized in accordance with FASB ASC 606 is recognized at a point in time. Revenue related to the CEA with the City of Shreveport is recognized when RRSTEM meets its performance obligations under the CEA. RRSTEM bills the City of Shreveport approximately monthly, and invoices are due on demand. All other contract revenue consist of a single delivery element with payment due upon delivery of services.

Disaggregated Revenue

A summary of disaggregated revenue recognized in accordance with FASB ASC 606 follows:

<i>For the year ended December 31,</i>	2021
City of Shreveport contract revenue	\$ 446,676
Admissions	504,653
IMAX	93,097
Services	42,659
Summer and holiday camps	42,738
Birthday parties	29,150
Concessions	19,730
Other	6,495
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Total revenue recognized in accordance with FASB ASC 606	\$ 1,185,198

Approximately 4% of the revenue earned was recognized over time consisting of annual membership revenue, which is included in Admissions revenue above. The remaining 96% was recognized at a point in time and consisted of all remaining contract revenues.

RRSTEM's patrons are primarily the general public and school groups located in Northwest Louisiana.

Contract Balances

<i>December 31,</i>	2021
Contract assets, beginning of year	\$ 25,932
Contract assets, end of year	\$ 42,705
Contract liabilities, beginning of year	\$ 13,657
Contract liabilities, end of year	\$ 41,304
Receivable from contracts, beginning of year	\$ -
Receivable from contracts, end of year	\$ 7,159

Note 8: COOPERATIVE ENDEAVOR AGREEMENT WITH THE CITY OF SHREVEPORT

Under the terms of the CEA, the City shall provide appropriations of approximately \$135,000 annually. The City reimburses RRSTEM for water services, gas/electric services, liability insurance on the building and property, and annual license with IMAX Corp. RRSTEM is responsible for the management and operation of the Center and may impose and collect admission fees, ticket fees, and other fees and charges comparable to those in effect at other centers. RRSTEM is responsible for submitting an operating and capital budget to the City each year.

Certain assets consisting of buildings, structures, improvements, immovable property, furnishings, fixtures, equipment and exhibits purchased with the City of Shreveport or State of Louisiana funds are owned by the City of Shreveport. The value of the land and buildings purchased with City of Shreveport or State of Louisiana funds and occupied or operated by RRSTEM is not included in the accompanying financial statements. Title to such land and buildings are held by the City of Shreveport.

Note 9: SCI-PORT FOUNDATION

Sci-Port Foundation (the Foundation) is a separate tax exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The Foundation was established during 2001 to support, benefit and carry out the purposes of Sci-Port Discover Center through encouraging, motivating and facilitating donations to the Foundation for the benefit of the operator of the Center, receiving and managing funds contributed to the Foundation for the benefit of the Center, and making distributions of income and principal to or for the benefit of the Center. For the year ended December 31, 2021, \$0 was received from the Foundation.

Note 10: CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject RRSTEM to concentrations of credit risk consist principally of cash and cash equivalents. At December 31, 2021, RRSTEM had cash deposits with financial institutions in excess of federally insured limits of \$822,754.

During the year ended December 31, 2021, support and revenue received from the City of Shreveport accounted for 54% of RRSTEM's total revenue.

Credit risk with respect to contract receivables and promises to give is limited due to the number and credit worthiness of the corporations, governmental entities, and individuals who comprise the contributor base. Substantially all contributors are located in Louisiana. Generally, RRSTEM does not require collateral or other security to support receivables. At December 31, 2021, RRSTEM considers contract receivables and promises to give to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Note 10: CONCENTRATIONS OF RISK (Continued)

Geographic Concentration

RRSTEM conducts its operations solely in Northwest Louisiana, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in funding from the City of Shreveport in addition to a decrease in contributions and grants.

Note 11: CONTINGENT LIABILITIES

RRSTEM receives grants that are subject to review and audit by the agencies providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.



SUPPLEMENTARY INFORMATION



Red River STEM, Inc.
Schedule of Compensation, Benefits, and
Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head Name: Dianne Clark, Executive Director

Purpose	Amount*
Salary and other compensation	\$ -
Benefits-insurance (health insurance premiums)	\$ -
Benefits-retirement	\$ -
Deferred compensation	\$ -
Car allowance	\$ -
Vehicle provided by agency	\$ -
Per diem	\$ -
Reimbursements	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses (example: travel advances, etc.)	\$ -
Special meals	\$ -
Other	\$ -

* The Agency Head does not receive compensation, benefits, and other payments that are derived from public funds.



REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS





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**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
Red River STEM, Inc.
Shreveport, Louisiana

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 Red River STEM, Inc. (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 March 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red River STEM, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Red River STEM, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Red River STEM, Inc.'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 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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red River STEM, Inc.'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 financial statements. 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*.

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.



CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
March 30, 2022

Red River STEM, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ yes X no
___ yes X none noted

Noncompliance material to financial statements noted?

___ yes X no

Section II – Financial Statement Findings

None

Section III – Summary of Prior Year Findings

None



Red River STEM, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

December 31, 2021



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Red River STEM, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Red River STEM, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Red River STEM, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- c) **Disbursements**, including processing, reviewing, and approving.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Per inquiry of the Finance Manager, there are no written policies and procedures.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of applying the procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: This procedure is not applicable as Red River STEM, Inc. is not a governmental entity.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions were found as a result of applying the procedure.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Reconciling items in the operating account that have been outstanding for more than 12 months from the statement closing date did not have documentation of research by management.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: CRI obtained a list of deposits sites and management's representation that the listing was complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: Per inquiry of the Finance Manager, no bond or insurance policy for theft is in place.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: For 4 of 4 deposits subject to the procedure, receipts were not numbered sequentially.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: CRI identified that receipts are not sequentially pre-numbered, but we were able to trace other related collection documentation to deposit slip without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: For 2 of 4 deposits subject to the procedure, the deposit was not made within one business day.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: CRI obtained a listing of locations that process payments and management's representation that the listing was complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: The employee responsible for processing payments is not prohibited from adding/modifying vendor files. The Executive Director is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The employee responsible for processing payments also mails the checks.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: The employee responsible for processing payments is not prohibited from adding/modifying vendor files. There is no evidence of another employee periodically reviewing changes to vendor files. The employee responsible for mailing checks is the same employee responsible for processing payments.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: CRI obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: There were 4 of 14 transactions subject to this procedure that did not have itemized receipt showing precisely what was purchased. There were 6 of 14 transactions subject to this procedure that did not have written documentation of business purpose on file. There was 1 of 1 meal charge subject to this procedure for which documentation was not provided of the individuals participating.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the procedure.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were found as a result of applying the procedure.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: No exceptions were found as a result of applying the procedure.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: No exceptions were found as a result of applying the procedure.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the procedure.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were found as a result of applying the procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were found as a result of applying the procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the procedure.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: Based on discussions with the Finance Manager, no termination payments were made during the fiscal period, as such, this procedure is not applicable.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree

actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Management represented that no misappropriations of public funds and assets occurred during the fiscal period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is not posted on the premises or the website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We performed the procedure and discussed the results with management.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We performed the procedure and discussed the results with management.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers

have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: This procedure is not applicable to Red River STEM, Inc. as a nonprofit.

We were engaged by Red River STEM, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we

performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Red River STEM, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 29, 2022



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RE: Management's Response to Agreed-Upon Procedures

Management of Red River STEM, Inc. has reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures. We are in agreement with the report of Carr, Riggs & Ingram, LLC. Red River STEM, Inc. will add policies and procedures and implement changes as considered necessary and cost-beneficial to meet the expectations identified in the report and future agreed-upon procedures engagements.

A handwritten signature in black ink that reads "Dianne Clark". The signature is written in a cursive style with a horizontal line underneath.

Dianne Clark
Executive Director

