

Red River Film Society, Inc.

Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

Red River Film Society, Inc.

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	
For the Year Ended June 30, 2022	6
For the Year Ended June 30, 2021	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 15
Schedule of Compensation, Benefits and Other Payments To Agency Head or Chief Executive Officer	16
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17 - 18
Summary Schedule of Audit Findings	19

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Red River Film Society, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Red River Film Society, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Red River Film Society, Inc. (a nonprofit organization) as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States for the year ended June 30, 2022 and in accordance with auditing standards generally accepted in the United States of America (GAAS) for the year ended June 30, 2021. 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 Film Society, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the 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 Film Society, 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 GAAS 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 GAAS 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 of the effectiveness of Red River Film Society, 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 Film Society, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head on page 16, is presented 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 November 9, 2022, on our consideration of the Red River Film Society, 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 Film Society, 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 Film Society, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
November 9, 2022

Red River Film Society, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,026,004	\$ 462,245
Accounts receivable	25,429	17,334
Government grant receivable		227,921
Inventory	13,743	10,485
Prepaid expenses	10,768	3,736
Total current assets	1,075,944	721,721
Other assets:		
Deposits	6,524	6,524
Property and equipment		
Building and improvements	3,783,112	3,783,112
Furniture and equipment	363,304	337,061
Food service equipment	64,127	47,816
Audio/video equipment	296,482	296,482
Land	104,432	104,432
Accumulated depreciation	(2,229,648)	(2,078,128)
Net property and equipment	2,381,809	2,490,775
Total Assets	\$ 3,464,277	\$ 3,219,020
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 116,048	\$ 99,853
Accrued expenses	39,102	43,458
Line of credit-note payable		94,645
Current portion of note payable	17,889	
Total current liabilities	173,039	237,956
Note Payable - Economic Injury Disaster Loan	500,000	500,000
Note payable, net of current portion	76,756	
Total liabilities	749,795	737,956
Net assets:		
Without donor restrictions	2,714,482	2,481,064
Total net assets	2,714,482	2,481,064
Total Liabilities and Net Assets	\$ 3,464,277	\$ 3,219,020

The accompanying notes are an integral part of the financial statements.

Red River Film Society, Inc.
 Statements of Activities
 For the Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	
	2022	2021
Revenues, Gains and Other Support:		
Government grants - revenue	\$ 668,495	\$ 250,421
Donations and contributions	114,884	266,701
Memberships	140,815	164,134
Theater admissions	111,922	53,373
Concessions and restaurant sales	624,998	514,513
Educational programs	24,700	31,970
Rental sales	44,831	39,942
Special events	124,005	500
Gain on forgiveness of loan		189,053
Other	11,561	7,286
	1,866,211	1,517,893
Total revenues, gains and other support		
Expenses:		
Program services	1,291,171	981,293
General administration	227,868	232,279
Fund raising	113,754	38,228
	1,632,793	1,251,800
Total expenses		
Change in net assets	233,418	266,093
Net assets beginning of year	2,481,064	2,214,971
Net assets end of year	\$ 2,714,482	\$ 2,481,064

The accompanying notes are an integral part of the financial statements.

Red River Film Society, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

Expenses:	Program Services	General Administration	Fund Raising	Total
Salaries and wages	\$ 430,063	\$ 132,383	\$ 20,387	\$ 582,833
Employee benefits	18,560	5,713	880	25,153
Payroll taxes	37,110	11,423	1,760	50,293
Contract labor and professional services	29,065	8,400		37,465
Insurance	35,075	6,937	2,030	44,042
Equipment and maintenance	68,343			68,343
Bank and other fees	31,482	1,356	4,776	37,614
Special events			66,912	66,912
Cost of goods sold	361,334			361,334
Utilities	43,245	5,088	2,543	50,876
Travel and training		1,013		1,013
Telephone	15,658	1,842	921	18,421
Postage and delivery	2,297	270	135	2,702
Advertising and promotion	16,433		2,899	19,332
Supplies	60,558	6,685	919	68,162
Interest expense		17,843		17,843
Programming expenses	6,814			6,814
Other	3,795	15,461	2,865	22,121
Depreciation	131,339	13,454	6,727	151,520
Total expenses	\$ 1,291,171	\$ 227,868	\$ 113,754	\$ 1,632,793

The accompanying notes are an integral part of the financial statements.

Red River Film Society, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services	General Administration	Fund Raising	Total
Expenses:				
Salaries and wages	\$ 334,076	\$ 138,433	\$ 17,153	\$ 489,662
Employee benefits	28,160	11,669	1,446	41,275
Payroll taxes	28,413	11,773	1,459	41,645
Contract labor and professional services	17,729	7,600		25,329
Insurance	27,001	7,143	1,561	35,705
Equipment and maintenance	22,841			22,841
Bank and other fees	23,348	1,760	4,704	29,812
Special events			2,009	2,009
Cost of goods sold	257,797			257,797
Utilities	32,856	3,865	1,933	38,654
Travel and training		34		34
Telephone	12,876	1,515	757	15,148
Postage and delivery	2,307	271	136	2,714
Advertising and promotion	17,921			17,921
Supplies	34,989	4,812	412	40,213
Interest expense		23,820		23,820
Programming expenses	12,688			12,688
Other		6,269		6,269
Depreciation	128,291	13,315	6,658	148,264
Total expenses	<u>\$ 981,293</u>	<u>\$ 232,279</u>	<u>\$ 38,228</u>	<u>\$ 1,251,800</u>

The accompanying notes are an integral part of the financial statements.

Red River Film Society, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 233,418	\$ 266,093
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	151,520	148,264
Gain on forgiveness of loan		(189,053)
(Increase) decrease in operating assets:		
Accounts receivable	(8,095)	8,440
Government grant receivable	227,921	(227,921)
Prepaid expenses	(7,032)	2,226
Inventory	(3,258)	2,293
Deposits		(280)
Increase (decrease) in operating liabilities:		
Accounts payable	16,195	25,124
Accrued expenses	(4,356)	20,447
Net cash provided by operating activities	606,313	55,633
Investing Activities		
Payments for property and equipment	(42,554)	(22,186)
Net cash (used in) investing activities	(42,554)	(22,186)
Financing Activities		
Draw on line of credit		300
Payments on line of credit-note payable		(131,000)
Net cash (used in) financing activities		(130,700)
Net increase (decrease) in cash and cash equivalents	563,759	(97,253)
Cash and cash equivalents, beginning of year	462,245	559,498
Cash and cash equivalents, end of year	\$ 1,026,004	\$ 462,245
Supplemental Disclosures:		
Interest paid	\$ 15,093	\$ 11,519

The accompanying notes are an integral part of the financial statements.

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Red River Film Society, Inc. (RRFS) is a nonprofit corporation organized under the laws of the State of Louisiana. Red River Film Society, Inc. was established for the purposes of the development of the cinematic arts in the Shreveport area. Red River Film Society, Inc.'s mission is to provide a venue for international, independent, and classic film while serving as a resource for film production and media education, and providing media related educational opportunities. The sources of revenues for RRFS's services are derived from donations, memberships, theater admissions, grants and restaurant sales.

B. Basis of Accounting

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

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of RRFS's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RRFS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. RRFS has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

E. Cash and Cash Equivalents

Cash equivalents, as stated for cash flow purposes, consist of non-interest bearing bank accounts and short term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. Cash designated for long – term purposes received with donor – imposed restrictions limiting the use to long – term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

F. Property and Equipment

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 over the estimated useful life of each asset. RRFS capitalizes all expenditures for property and equipment in excess of \$500.

G. Revenue and Support

Donations, contributions and grants received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

H. Income Tax Status

Red River Film Society, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. Red River Film Society, Inc. did not have any income tax expense for the years ended June 30, 2022 and 2021. The Form 990 "Return of Organization Exempt from Income Taxes", and Form 990-T "Exempt Organization Business Income Tax Return", for Red River Film Society, Inc., for the years ended June 30, 2019, 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

I. Donated Assets

Non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

J. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

K. Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Indirect or shared costs, including personnel, facility costs and other are allocated among the programs and support services by a method that best measures the relative degree of benefit, based upon management's estimates.

L. Inventory

Inventory is stated at the lower of cost or market using the first-in first-out method.

M. Accounts Receivable

Accounts receivable consists mainly of accounts due from customers and donors. Management believes all accounts receivable are collectible and therefore there is no allowance for doubtful accounts.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Red River Film Society, Inc. to concentrations of credit risk consist principally of temporary cash investment, accounts receivable and government grants receivable.

Red River Film Society, Inc. maintains cash balances at local financial institutions. Accounts at those institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2021, there were amounts exceeding FDIC by \$210,046. At June 30, 2022, there were amounts exceeding FDIC by \$769,104.

Concentrations of credit risk with respect to accounts receivable are limited due to the number of contributions comprising Red River Film Society, Inc.'s contributor base and is recorded at amounts expected to be received.

Concentration of credit risk with respect to government grant receivable at June 30, 2021, represents amounts due from the U.S. Treasury pursuant to the Employee Retention Credit Program.

(3) Endowment Account with Community Foundation of North Louisiana

RRFS entered into an agreement in August, 2016 with the Community Foundation of North Louisiana (CFNLA). The agreement establishes an Agency Endowment Fund at CFNLA called "Carolyn Q. Nelson Endowment Fund" (Fund). All property of the Fund belongs to CFNLA. The fund will be used

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

for support of the charitable purposes of RRFS. Net income and capital appreciation of the Fund, as governed by CFNLA's Spending Policy, will be paid and distributed to RRFS at least annually, for as long as RRFS is a Qualified Charitable Organization. The fair market value of the fund at June 30, 2022 and 2021 was \$241,743 and \$264,943, respectively.

(4) Retirement Plan

Red River Film Society, Inc. offers employees the opportunity for participation in a SIMPLE IRA Plan. The organization matches employees' contributions up to 2% of their compensation. There were no matching requirements for the years ended June 30, 2022 and 2021.

(5) Fixed Assets

A summary of fixed assets as of June 30, 2022 follows:

	<u>Estimated Useful Life</u>	<u>Cost / Basis</u>	<u>Accumulated Depreciation</u>
Building improvements	30 years	\$ 3,783,112	\$ 1,677,362
Furniture and equipment	3–15 years	363,304	226,325
Food service equipment	5–20 years	64,127	37,199
Audio/video equipment	5–15 years	296,482	288,762
Land	N/A	104,432	–
		<u>\$ 4,611,457</u>	<u>\$ 2,229,648</u>

Depreciation expense for the year ended June 30, 2022 was \$151,520.

A summary of fixed assets as of June 30, 2021 follows:

	<u>Estimated Useful Life</u>	<u>Cost / Basis</u>	<u>Accumulated Depreciation</u>
Building improvements	30 years	\$ 3,783,112	\$ 1,559,079
Furniture and equipment	3–15 years	337,061	210,068
Food service equipment	5–20 years	47,816	29,438
Audio/video equipment	5–15 years	296,482	279,543
Land	N/A	104,432	–
		<u>\$ 4,568,903</u>	<u>\$ 2,078,128</u>

Depreciation expense for the year ended June 30, 2021 was \$148,264.

(6) Line of Credit – Note Payable

Balance on the note payable at June 30, 2021 was \$94,645. Interest rate on the note payable at June 30, 2021 was 4.25%. The loan was due upon lender's demand and had a maturity date of June 3, 2022. The loan was secured by real estate owned by Red River Film Society, Inc. Interest expense on the note payable for the years ended June 30, 2022 and 2021 was \$4,093 and \$8,383, respectively. The loan was paid off in June, 2022.

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

(7) Accrued Expenses

Accrued expenses at June 30, 2022 and 2021 were as follows:

	2022	2021
Accrued wages	\$ 17,337	\$ 25,953
Accrued interest payable	15,963	13,213
Payroll taxes	5,802	4,292
	\$ 39,102	\$ 43,458

(8) Subsequent Events

Subsequent events have been evaluated through November 9, 2022, the date the financial statements were available to be issued.

(9) Liquidity and Availability of Financial Assets

RRFS monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. RRFS has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations for the years ended June 30, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,026,004	\$ 462,245
Government grant receivable		227,921
Receivables	25,429	17,334
Total financial assets	1,051,433	707,500
Less amounts not available to be used within one year		
Designated by the Board of Directors for multi-purpose space renovations	(26,636)	
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,024,797	\$ 707,500

In addition to financial assets available to meet general expenditures over the year, RRFS operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements and contributions. The Statement of Cash Flows identifies the sources and uses of RRFS's cash and shows cash generated by operations of \$606,313 and \$55,633 for fiscal years ending June 30, 2022 and 2021, respectively.

(10) Note Payable – Paycheck Protection Program

In April 2020, RRFS received loan proceeds in the amount of approximately \$187,300 under the Paycheck Protection Program ("PPP") of the U.S. Small Business Administration. The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. RRFS intends to use the proceeds for purposes consistent with the PPP.

Paycheck Protection Program Forgiveness

On March 17, 2021, RRFS received notice that the PPP loan and accrued interest, totaling \$189,053, had been forgiven as authorized by Section 1106 of the Cares Act. This amount is reported in the revenue, gains and other support section on the Statement of Activities, for the year ended June 30, 2021.

(11) Note Payable – Economic Injury Disaster Loan (“EIDL”)

In April 2020, RRFS received loan proceeds totaling \$500,000 under the Economic Injury Disaster Loan Program (“EIDL”). The loan will accrue interest at the rate of 2.75% per annum. Installment payment, including principal and interest, of \$2,136 monthly, will begin twelve (12) months from the date promissory note. Each payment will be applied first to accrued interest to the date of receipt of each payment, and the balance, if any, will be applied to principal. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. RRFS grants a security interest to the U.S. Small Business Administration of all tangible and intangible personal property.

During March, 2022, the U.S. Small Business Administration announced extended deferment periods for all disaster loans, including the COVID-19 Economic Injury Disaster Loan (EIDL) program, of 30 months from the date of the note. Interest will continue to accrue on the outstanding balance of the loan throughout the duration of the deferment.

Approximate maturities of the loan are as follows:

Year Ended June 30,	Amount
2023	\$ —
2024	371
2025	12,043
2026	12,379
2027	12,723
After 2027	462,484
	\$ 500,000

(12) Note Payable

During June 2022, RRFS entered into a loan for \$94,645. The loan was used to pay the principal balance of a line of credit. The loan is for 60 months with an interest rate of 2.79%. Monthly payments of \$1,692 will begin July 1, 2022. The loan was made subject to a cooperative endeavor agreement with the lender. Balance of the loan at June 30, 2022 is \$94,645.

(Continued)

Red River Film Society, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

Approximate maturities of the loan are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2023	\$ 17,889
2024	18,395
2025	18,914
2026	19,449
2027	19,998
	<u>\$ 94,645</u>

(13) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(14) New Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers". This Standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard was effective for annual reporting periods beginning after December 15, 2019. The adoption of this standard did not have a material effect on the Organization's financial statements and required no adjustment.

(15) Employee Retention Credit Recognition

RRFS qualifies for the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended. RRFS has reported \$227,921, included in the government grants-revenue, in the Statement of Activities for the year ended June 30, 2021 for the ERC.

(16) Government Grant – Shuttered Venue Operators Grant

During the year ended June 30, 2022, RRFS received \$525,555 under the shuttered venue operators grant from the U.S. Small Business Administration. This amount is included in the government grants-revenue, in the statement of activities for the year ended June 30, 2022.

(17) Net Assets

Net assets consisted of the following at June 30, 2022 and 2021:

Net assets without donor restrictions	<u>2022</u>	<u>2021</u>
Undesignated	\$ 2,687,846	\$ 2,481,064
Designated by the Board of Directors for multi-purpose space renovations	26,636	
	<u>\$ 2,714,482</u>	<u>\$ 2,481,064</u>

Red River Film Society, Inc.
Schedule of Compensation, Benefits and other Payments
To Agency Head or Chief Executive Officer
For the Year Ended June 30, 2022

Agency Head: Meghan H. Avallone, Executive Director, from July 1, 2021 to February 4, 2022

There were no payments for compensation, benefits and other payments derived from public funds during the year ended June 30, 2022.

Agency Head: Richard W. Hansil, Executive Director, from February 4, 2022 to June 30, 2022

There were no payments for compensation, benefits and other payments derived from public funds during the year ended June 30, 2022.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

To the Board of Directors
Red River Film Society, Inc.

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 Film Society, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 November 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red River Film Society, 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 Film Society Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Red River Film Society 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 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, and therefore, material weakness 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 weakness. We identified a certain deficiency in internal control described in the accompanying schedule of audit findings as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

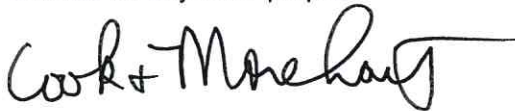
As part of obtaining reasonable assurance about whether Red River Film Society Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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*.

Red River Film Society Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Red River Film Society Inc.'s response to the finding identified in our audit and described in the accompanying Summary Schedule of Current Year Audit Findings. Red River Film Society Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
November 9, 2022

Red River Film Society Inc.
Summary Schedule of Audit Findings
June 30, 2022

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended June 30, 2021.

Summary Schedule of Current Year Audit Findings

There is one finding for the current year audit for the year ended June 30, 2022.

Reference No:	2022-001 Significant Deficiency - Disbursements
Criteria:	Internal controls should be in place to provide adequate segregation of duties over the disbursement accounting functions.
Condition:	The Organization's controller performs substantially all accounting functions for certain disbursements through ACH – online payments.
Cause:	Controls were not in place to provide adequate segregation of duties over certain ACH – online payments.
Effect:	Due to lack of segregation of duties, errors or irregularities could occur and not be detected.
Recommendation:	The Organization should consider implementing certain controls over ACH – online payments to provide adequate segregation of duties, such as documenting approvals of all ACH – online payments by management other than the controller. Management should consider having bank statements reviewed by the Treasurer of the Board of Directors on a monthly or periodic basis.
Management's Response:	Management will consider implementing controls over disbursements to provide adequate segregation of duties.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Red River Film Society Inc.
Shreveport, Louisiana
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 July 1, 2021 through June 30, 2022. Red River Film Society Inc.'s management is responsible for those C/C areas identified in the SAUPS.

Red River Film Society Inc. (RRFS) 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 July 1, 2021 through June 30, 2022. 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 findings 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.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the 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.
 - c) ***Disbursements***, including processing, reviewing and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions (including periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (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.
- 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.
- 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.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above, as applicable, except for the following:

Exception: RRFS's written policy and procedures included only 2 of the 6 items for Information Technology Disaster Recovery/Business Continuity.

Management's Response: Management will consider updating the written policies and procedures.

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.

The Board of Directors for RRFS met in accordance with the organization's bylaws.

- 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.

Board minutes referenced financial activity relating to public funds.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund for balance in the general fund. If the general fund had a negative ending assigned 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.

RRFS is not a governmental entity.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

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

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

Exception: There was no evidence that management/board member who does not post ledgers or issue checks had reviewed bank reconciliations.

Management Response: RRFS will consider having management or a board member review bank reconciliations.

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

For the accounts selected, there were no items outstanding more than 12 months.

Collections

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).

Management provided the requested information, along with management's representation that the listing is 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 and 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 that are responsible for cash collections do not share cash drawers/registers.

Employees share a cash register but each has their own sign in number and separate cash bag.

- 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.

The employee responsible for collecting is not responsible for preparing/making bank deposits.

- 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.

The employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

- d) The employee 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 verifies the reconciliation.

The employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

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.

All employees are covered under a blanket theft policy.

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). Obtain supporting documentation for each of the 10 deposits and:

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

RRFS does not utilize sequentially pre-numbered receipt books.

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

For the deposits selected for testing, collection documentation was traced to the deposit slips.

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

For the deposits selected for testing, the actual deposit was traced to the bank statement.

- d) Observe that 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 drawer).

Exception: Deposits are made as deemed necessary by management, usually weekly.

Management's Response: It is management's policy to make deposits as needed.

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

For the deposits selected for testing, all were traced to the general ledger.

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).

Management provided the requested information, along with management's representation that the listing is 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.
- b) At least two employees are involved in processing and approving payments to vendors.
- 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.
- 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.

RRFS's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except as noted below:

Exception: The employee that processes the payments can add/modify vendor files and mails out the signed checks.

Management's Response: All vendor payments are approved by management prior to payments being made, except for ACH-online payments. Management will consider additional controls in regards to ACH-online payments.

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

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties, except as noted below:

Exception: The employee that processes the payments can add/modify vendor files and mails out the signed checks.

Management's Response: All vendor payments are approved by management prior to payments being made, except for ACH-online payments. Management will consider additional controls in regards to ACH-online 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), 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.

Management provided the requested information, along with 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.].

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

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

None of the statements selected for testing contained finance charges or late fees.

- 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. For each transaction, report whether the transaction is supported by:

- 1. An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

- 2. Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation.

- 3. Documentation of the individuals participating in meals (for meal charges only).

There were no transactions selected for meal charges.

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

- 14. Obtain from management 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 by either the State of Louisiana or the U.S. General Services Administration (www.gsa.gov)
- b) If reimbursed using actual cost, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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)
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The reimbursements selected for testing were for actual costs, supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

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 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.

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

- 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).

Contracts tested were approved in accordance with the organization's policy.

- 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).

The contracts selected for testing were not amended.

- d) Randomly select on 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.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Exception: For the transactions selected for testing, daily attendance was not documented for three (3) transactions, which were for salaried employees.

Management's Response: RRFS policies do not require documentation of daily attendance for salaried employees.

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

Exception: For the transactions selected for testing, daily attendance was not documented for three (3) transactions tested, which were for salaried employees.

Management's Response: RRFS policies do not require documentation of daily attendance for salaried employees.

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

No transactions selected for testing included pay for leave.

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

No exceptions noted.

- 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.

RRFS did not pay out any termination payments during the fiscal period.

- 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, worker's compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

Ethics

Not applicable to nonprofit organizations

Debt Service

Not applicable to nonprofit organizations.

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.

Management of RRFS represented that there were no misappropriations of public funds and assets 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.

We observed that RRFS 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.

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 what 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.
- 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.
- 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.

We performed the procedure and discussed the results with management.

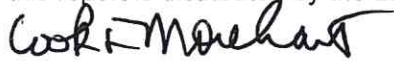
Sexual Harassment

Not applicable to RRFS.

We were engaged by Red River Film Society 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 Film Society 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.



Cook & Morehart
Certified Public Accountants
November 9, 2022