



**The Strand Theatre
of Shreveport Corporation**

Financial Statements
Years Ended May 31, 2021 and 2020

The Strand Theatre of Shreveport Corporation

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Independent Auditor's Report

The Board of Directors
The Strand Theatre of Shreveport Corporation
Shreveport, Louisiana

I have audited the accompanying financial statements of The Strand Theatre of Shreveport Corporation (a nonprofit organization) which comprise the statements of financial position for the year ended May 31, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and summary of significant accounting policies and the related notes to financial statements.

I was engaged to audit the accompanying financial statements of The Strand Theatre of Shreveport Corporation (a nonprofit organization) which comprise the statement of financial position for the year ended May 31, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and summary of significant accounting policies and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2020 financial statements.

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the 2021 financial statements.

Opinion on 2021 Financial Statements

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Strand Theatre of Shreveport Corporation as of May 31, 2021, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion

The records of the Strand concerning ticket revenue were not complete. Therefore, I was unable to obtain sufficient appropriate audit evidence regarding the recorded balance of ticket revenues. Ticket revenue materially affects all areas of the 2020 financial statements.

Disclaimer of Opinion on the 2020 Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on financial position of the Strand Theatre of Shreveport Corporation as of May 31, 2020 and the results of its operations and cash flows for the year ended May 31, 2020. Accordingly, we do not express an opinion on the results of operations and cash flows for the year ended May 31, 2020.

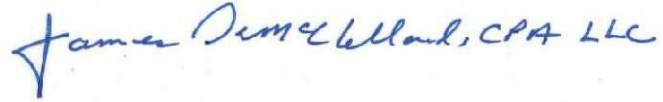
Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Empasis of Matters

As discussed in Note 18 to the financial statements, the Strand Theatre of Shreveport Corporation adopted new accounting pronouncements for the years ended May 31, 2021 and 2020. My opinion is not modified with respect to these matters.

A handwritten signature in blue ink that reads "James D. McElland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana
May 13, 2022

**The Strand Theatre
of Shreveport Corporation**

Statements of Financial Position

<i>May 31,</i>	2021	2020
Assets		
Current assets:		
Cash, unrestricted (Notes 1 and 17)	\$ 633,625	\$ 200,506
Short-term investments (Notes 3 and 10)	-	103,035
Inventory	4,893	4,893
Prepaid expenses	22,482	22,019
Total current assets	661,000	330,453
Finance lease right of use asset (Note 5)	2,775	4,223
Property and equipment (Notes 2 and 14)	3,073,254	3,252,001
Work of art (Note 12)	106,400	106,400
Strand Building Fund (Note 11)	263,413	212,907
	\$4,106,842	\$3,905,984
Liabilities and Net Assets		
Current liabilities:		
Lease liability, current portion (Note 5)	\$ 1,679	\$ 1,679
Accounts payable	23,010	6,945
Accrued expenses	15,816	12,645
Refundable advances (Note 16)	131,942	83,700
Contract liabilities (Note 15)	130,273	123,908
Total current liabilities	302,720	228,877
Long-term debt	150,000	-
Finance lease liability (Note 5)	1,096	2,544
Total long-term liabilities	151,096	2,544
Total liabilities	453,816	231,421
Net assets:		
Without donor restrictions	2,839,613	2,811,656
With donor restrictions (Note 9)	813,413	862,907
Total net assets	3,653,026	3,674,563
	\$4,106,842	\$3,905,984

See accompanying summary of accounting policies and notes to financial statements.

The Strand Theatre of Shreveport Corporation

Statements of Activities

<i>Years Ended May 31,</i>	2021	2020
Changes in net assets without donor restrictions:		
Support and revenues:		
Fundraising	\$327,648	333,568
Net assets released from restriction	110,000	19,324
Theatre rental and other income	40,420	246,016
Governmental grants	78,200	-
Other grant income	75,218	21,804
Program advertising	275	10,408
Ticket sales	-	490,425
Business sponsorships	-	79,152
Total support and revenues	631,761	1,200,697
Expenses:		
Theatrical program:	443,596	1,001,047
Management and general:	111,435	167,041
Fundraising	48,773	44,772
Total expenses	603,804	1,212,860
Increase (decrease) in net assets without donor restrictions	27,957	(12,163)
Change in net assets with donor restrictions		
Contributions restricted to capital improvement	10,000	-
Net earnings (loss) on Strand Building Fund (Note 11)	50,506	(12,366)
Net assets released from restriction	(110,000)	(19,324)
Increase (decrease) in net assets with donor restrictions	(49,494)	(31,690)
Decrease in net assets	(21,537)	(43,853)
Net assets – beginning of year	3,674,563	3,718,416
Net assets – end of year (Note 16)	\$3,653,026	\$3,674,563

See accompanying summary of accounting policies and notes to financial statements.

Year Ended May 31,

2021

	Program Activity		Supporting Activities		Total
	Theatrical Program	Management and General Program	Fundraising Program		
Advertising	\$ 432	\$ -	\$ -	\$ 432	
Artist fees	4,625	-	-	4,625	
Box office	1,917	-	-	1,917	
Conference and travel	-	119	-	119	
Credit card fees	1,692	-	-	1,692	
Depreciation and amortization	206,242	-	-	206,242	
Dues and subscriptions	-	261	-	261	
Insurance	43,154	-	-	43,154	
Interest	-	4,177	-	4,177	
Janitorial expense	601	-	-	601	
Miscellaneous	-	3,353	-	3,353	
Occupancy expense	54,095	-	-	54,095	
Office supplies and equipment	-	13,385	-	13,385	
Payroll taxes and benefits	27,570	21,884	7,498	56,952	
Postage	-	3,229	-	3,229	
Printing	-	-	635	635	
Production costs	4,013	-	-	4,013	
Professional fees	-	9,531	-	9,531	
Salaries and wages	93,690	48,160	40,640	182,490	
Security	-	-	-	-	
Stage labor	1,751	-	-	1,751	
Telephone	-	7,336	-	7,336	
Theatre supplies	3,814	-	-	3,814	
Total expenses	\$443,596	\$111,435	\$48,773	\$603,804	

The Strand Theatre of Shreveport Corporation

Statements of Functional Expenses

Year Ended May 31,

2020

	<u>Program Activity</u>	<u>Supporting Activities</u>		
	Theatrical Program	Management and General Program	Fundraising Program	Total
	\$ 22,398	\$ -	\$ -	\$ 22,398
	146,450	-	-	146,450
	18,704	-	-	18,704
	-	5,749	-	5,749
	19,088	-	-	19,088
	199,295	-	-	199,295
	-	2,134	-	2,134
	79,778	-	-	79,778
	-	204	-	204
	11,488	1,890	-	13,378
	-	1,648	-	1,648
	87,659	-	-	87,659
	-	10,670	-	10,670
	45,763	22,797	6,469	75,029
	-	3,231	-	3,231
	15,441	-	1,038	16,479
	95,086	-	-	95,086
	-	26,714	-	26,714
	156,587	85,950	37,265	279,802
	10,212	-	-	10,212
	93,098	-	-	93,098
	-	6,054	-	6,054
	-	-	-	-
Total expenses	\$1,001,047	\$167,041	\$44,772	\$1,212,860

The Strand Theatre of Shreveport Corporation

Statements of Cash Flows

<i>Years Ended May 31,</i>	2021	2020
Cash Flows from Operating Activities:		
Decrease in net assets	\$ (21,537)	\$ (43,853)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Contributions and investment (earnings) loss restricted for long-term purposes	(50,506)	12,366
Depreciation expense	206,242	199,295
Amortization of right of use asset	1,448	1,448
Short-term investment earnings	-	(2,041)
Change in operating assets and liabilities:		
Inventories	-	(1,378)
Prepaid expenses	(463)	(7,806)
Accounts payable	16,065	(9,529)
Accrued expenses	3,171	(22,349)
Deferred revenue	54,365	42,201
Net cash provided by operating activities	208,785	168,354
Cash Flows from Investing Activities:		
Expenditures for property and equipment	(27,495)	(62,324)
Proceeds from redemption investment	103,035	-
Net cash provided by (used in) investment activities	75,540	(62,324)
Cash Flows from Financing Activities:		
Payments on lease liability	(1,448)	(1,448)
Proceeds from the issuance of debt	220,442	-
Payments of debt	(70,200)	(70,091)
Net cash provided by (used in) financing activities	148,794	(71,539)
Net increase (decrease) in cash and restricted cash	433,119	34,491
Cash and restricted cash, at beginning of year	200,506	166,015
Cash at end of year	\$ 633,625	\$ 200,506

See accompanying summary of accounting policies and notes to financial statements.

**The Strand Theatre
of Shreveport Corporation**

Statements of Cash Flows

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies

Summary of Accounting Policies

This summary of accounting policies of The Strand Theatre of Shreveport Corporation (the “Strand”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Business

The Strand Theatre of Shreveport Corporation is a nonprofit corporation organized under the laws of the State of Louisiana. The Strand was incorporated September 17, 1976 and operates primarily to provide live entertainment attractions for Shreveport and the surrounding community and to promote the performing arts.

Substantially all of the Strand’s revenue is from the sale of admissions to the Strand sponsored events, fundraising and sponsorships, rentals, and grant income.

Method of Accounting

The Strand uses the accrual basis of accounting. Net assets without donor restrictions, liabilities, revenue and expenses are those items acquired or incurred through the Strand’s normal fund-raising efforts and production activities. Net assets with donor restrictions, liabilities, revenue and expenses include those items acquired or received through the Strand’s normal fund-raising efforts as well as those items received or incurred pursuant to grants from various agencies, the use of which is governed by restrictions placed thereon by the donors. Net assets with donor restrictions may be used only for the purposes for which the donor or grantor contributed such funds.

Financial Statement Presentation

The Strand has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Strand is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions. As permitted by the statement, the Strand does not use fund accounting.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Financial Statement Presentation - Continued

Net Assets

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations.

Certain prior year presentations have been changed to conform with current year presentations.

Revenue from Unconditional Contributions

The Strand reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor 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. Donor-restricted support on which the restriction expires in the same year received are reported net assets without donor restrictions.

Revenue from Conditional Contributions, Grants, and Non-exchange Contracts

The Strand adopted ASU 2018-08 – “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The ASU provides guidance on identifying conditions that would preclude the recognition of a contribution as revenue or effect the timing thereof. A condition represents a criterion the Strand must achieve before becoming entitled to the transferred asset. The Strand adopted the new standard effective June 1, 2019, the first day of the Strand’s fiscal year, using the full retrospective method.

Cash and other assets received as conditional contributions, grants, and non-exchange contracts are accounted for as refundable advances on the statement of financial position until the condition has been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition was met as either an increase in net assets without donor restrictions or as an increase in net assets with donor restrictions if a time or purpose restrictions exist beyond the initial condition.

Revenue from Contracts with Customers

The Strand adopted ASU 2014-09 – “Revenue from Contracts with Customers (Topic 606)” as amended. Under the ASU, entities are required to identify and segment contracts into performance obligations and to account for certain contract costs and revenues as contract assets or contract liabilities. The Strand adopted the new standard effective June 1, 2019, the first day of the Strand’s fiscal year, using the full retrospective method.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Performance Obligations

Ticket Sales – Revenue from ticket sales to performance events is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Ticket Processing Fees – Revenue from ticket handling and convenience fees charged at the time of ticket sales is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Theatre Rental – Revenue from short-term rental of theatre facilities is recognized at a point in time directly associated with the event in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the services provided.

Sponsorships – Revenue from show season sponsorships may contain elements of both an exchange transaction and a conditional contribution. To the extent the sponsorship contains an exchange transaction, revenue is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Program Ad Sales – Revenue from program ad sales is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Concessions Sales – Revenue from concessions sales is recognized at a point in time when control of the goods transfers to the customer in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the goods. Typically, control is deemed to transfer at the date customer accepts the goods.

Sales Taxes

The Strand is required to collect local and state sales taxes based on a percentage of qualifying sales. The Strand's policy is to exclude sales taxes from the transaction price of all revenue when collected and from expenses paid. Instead, the Strand records the collection and payment of sales taxes through a liability account.

Shipping and Handling

The Strand treats shipping and handling activities as a part of the underlying promise to transfer goods to customers and to not treat them as a separate performance obligation. Thus, no portion of revenue received from customers is allocated to shipping and handling activities. All shipping and handling costs are classified as fulfillment costs

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Contract Assets and Liabilities

The Strand records contract assets and liabilities related to contracts with customers.

Contract assets consist of the Strand's right to payment from customers for goods or services that have been provided to those customers, with the right to collection conditional on something other than the passage of time. Contract assets were \$0 and \$0 for the years ended May 31, 2021 and 2020 respectively.

Contract liabilities consist of the Strand's obligation to transfer goods or services to customers for which the Strand has received consideration from customers, including advance payments received from customers for future goods and services. Contract liabilities were \$130,273 and \$123,908 for the years ended May 31, 2021 and 2020 respectively.

Refund Liability

The Strand records a refund liability in the amount of advanced ticket sales, taxes, and fees for performances that were cancelled. When a performance is cancelled, customers who purchased tickets in advance of the performance may receive a refund, exchange their tickets for an alternative performance, or have their purchase converted into a contribution. The refund liability was \$0 and \$0 for the years ended May 31, 2021 and 2020 respectively.

Refundable Advances

The Strand records refundable advances related to contributions, grants, or non-exchange contracts with donor-imposed conditions where the condition has not been substantially met or explicitly waived. Refundable advances were \$131,942 and \$83,700 for the years ended May 31, 2021 and 2020 respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates in the financial statements are depreciation and amortization of property and equipment and fair value of beneficial interest in net assets of the Strand Building Fund.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Property and Equipment The Strand capitalizes property and equipment with useful lives over three years. Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Works of art are capitalized at their fair market value on donation and, pursuant to FASB Accounting Standards Codification 958, *Not-For-Profit Entities*, are not depreciated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

In-kind Contribution and Contributed Services The Strand receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the organization. The value of contributed services meeting the requirements for recognition in the financial statements for 2021 and 2020 was not material and has not been recorded.

Concentrations of Credit Risk The Strand serves a limited geographic area. Due to the nature of its operations, the Strand is dependent upon the local community and the health of the local economy in which it operates.

Functional Expenses The costs of providing program and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that have been allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Payroll taxes and benefits	Time and effort
Salary and wages	Time and effort

Statements of Cash Flows For purposes of the statements of cash flows, the Strand considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, including restricted funds not pledged as collateral or for long-term purposes, to be cash equivalents. For the year ended May 31, 2020, the Strand adopted Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Strand considers cash and cash equivalents with donor restrictions as restricted cash.

Pension Plan Beginning in 2017, the Strand established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). The Strand's pension costs under the plan for the years ended May 31, 2021 and 2020 were \$5,251 and \$7,779, respectively.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Concluded)

Income Taxes	<p>The Strand is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. The Strand is not a private foundation within the meaning of Section 509(a) and there was no unrelated net business taxable income for the years ended May 31, 2021 and 2020. Accordingly, no provision for income taxes has been made in the financial statements.</p> <p>The Strand has adopted ASC 740, <i>Accounting for Uncertainty in Income Taxes</i>. Management has evaluated the Strand's tax positions and concluded that the Strand has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Strand to lose its tax-exempt status. The income tax filings for the Strand's years ending in 2019 through 2021 are subject to examination by taxing authorities.</p>
Collective Bargaining Agreement	<p>Certain wages paid by the Strand were covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions and is effective through August 31, 2023.</p>
Advertising	<p>The Strand expenses advertising as it is incurred. The Strand expended \$432 and \$22,398 in the years ended May 31, 2021 and 2020, respectively, for advertising.</p>
Inventory	<p>Inventories, consisting primarily of beverages and snacks sold for consumption at theatrical events on the premises, are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis.</p>
Reclassification of Prior Year Presentation	<p>Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.</p>
Subsequent Events	<p>Management evaluated events subsequent to the Strand's most recent year end through May 13, 2022, the financial statement issuance date.</p>

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements

- 1. Cash** Included in cash as of May 31, 2021 and 2020 are interest-bearing accounts totaling \$618,772 and \$163,900, respectively.

At May 31, 2021, \$107,765 in demand deposits exceeded Federal Depository insurance limits.

- 2. Property and Equipment** Major classes of property and equipment consist of the following:

	2021	2020
Land	\$ 96,000	\$ 96,000
Theatre and improvements	6,268,713	6,253,928
Theatrical equipment	261,652	269,374
Office furniture and equipment	96,421	98,365
	6,722,786	6,717,667
Less accumulated depreciation and amortization	3,649,532	3,465,666
	\$3,073,254	\$3,252,001

Depreciation expense was \$206,242 and \$199,295 for the years ended May 31, 2021 and 2020, respectively.

- 3. Long-term Debt** Long-term debt comprises the following at May 31, 2021 and 2020

	2021	2020
A 2.75% note payable with an initial face value of \$150,000, due in 348 monthly installments of \$641 beginning June 2021 with each installment first applied to interest accrued beginning June 2020, then applied to principal and interest; collateralized by equipment	\$150,000	\$ -
	\$150,000	\$ -

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

3. Note payable and Long-term Debt - Continued

Schedule of maturities of long-term debt:

2022	\$	-
2023		3,284
2024		3,704
2025		3,807
2026		3,913
Thereafter		135,292
		\$150,000

4. Employee Benefit Plan

The Strand uses hourly employees who belong to the International Alliance of Theatrical Stage Employees Union and are covered under the IATSE National Benefit Funds pension plan. Benefits paid to union employees for years ended May 31, 2021 and 2020 were \$0 and \$3,051, respectively.

5. Leases

The Strand has adopted FASB ASC 842, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible lease right-to-use asset ("ROU").

The Strand has the following lease obligations as of May 31, 2021:

Office equipment with an initial present value of \$7,239, an implicit annual interest rate of 6% included in 60 monthly payments of \$140 beginning April 2018, and with an option to purchase the equipment for \$1 at the end of the lease term.

The following schedule summarizes lease information as of:

May 31,	2021	2020
Expenses:		
Operating lease expense	\$ -	\$ -
Finance lease expense		
Amortization of ROU asset	1,448	1,448
Interest on lease liability	231	231
Total lease expense	\$1,679	\$1,679

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

5. Leases - Continued

Cash paid for amounts included in the measurement of lease and liabilities for finance leases as of:

May 31,	2021	2020
Operating cash flows	\$ 231	\$ 231
Financing cash flows	1,448	1,448
Total cash paid for finance leases	\$1,679	\$1,679

Cash paid for amounts included in the measurement of lease and liabilities for operating leases as of:

May 31,	2021	2020
Operating cash flows	\$ -	\$ -
Total cash paid for operating leases	\$ -	\$ -

Continued

The following summarizes ROU assets obtained in exchange for lease liabilities as of:

May 31,	2021	2020
Finance leases	\$2,775	\$4,223
Total	\$2,775	\$4,223

The following summarizes the weighed average remaining lease term (in years) as of May 31, 2021:

Finance leases	2.8
Operating leases	-

The following summarizes the weighted average discount rate as of May 31, 2021:

Finance leases	6%
Operating leases	-

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

5. Leases (continued)	Finance	Operating
Maturity Analysis		
2022	\$1,679	\$ -
2023	1,539	-
Total	3,218	-
Less: Present value discount	(443)	-
Lease liability	\$2,775	\$ -

6. **Related Party Transactions** The Strand's general insurance agent is a member of the board. The annual premium cost paid to the agency, with which this individual is associated, was \$33,960 and \$90,320 for the years ended May 31, 2021 and 2020, respectively.

The Strand has deposits in a financial institution whose Chief Financial Officer is also an officer of the Strand.

7. **Supplemental Cash Flows Information** Cash paid for interest was \$0 and \$204 for the years ended May 31, 2021 and 2020, respectively. There was no cash paid for income taxes in either 2021 or 2020.

8. **Disaggregation of Revenue** Revenue, disaggregated by timing of transfer of goods and services is summarized as follows:

	2021	2020
Revenue recognized based on goods and services transferred to customers at a point in time:		
Theatre rental	\$13,766	\$185,980
Handling fees	13,601	35,175
Concession sales	3,810	21,773
Ticket sales	-	490,425
Total revenue recognized at a point in time	\$31,177	\$733,353

Revenue recognized based on goods and services transferred to customers over time:

Program ad sales	\$275	10,408
Sponsorships	-	79,152
Total revenues recognized over time	\$ 275	\$89,560

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

9. Net Assets

Net assets with donor restrictions are restricted for the following purposes:

May 31,	2021	2020
Portion of building restricted until December 31, 2036 (Note 13)	\$550,000	\$550,000
Net assets whose earnings and capital appreciation may be used for capital improvement (see Note 10)	200,000	200,000
Net assets of Strand Building Fund restricted for capital improvements	63,413	12,907
Net assets required to be retained as collateral for a bank line-of-credit	-	100,000
Total net assets with donor restrictions	\$813,413	\$862,907

10. Investments

Short-term investment at May 31, 2020 comprises one certificate of deposit with a cost and then market value of \$103,035 maturing on July 1, 2020. The Strand has pledged this asset as collateral on its line-of-credit identified in Note 3. The certificate of deposit was redeemed during the year ended May 31, 2021 and the line-of-credit it secured was closed.

11. Endowment Account

In 1998, the Strand entered into an agreement with the Community Foundation of North Louisiana (the "Foundation"), the agreement establishes an Agency Endowment Fund at the Foundation called "The Strand Theatre Fund". All property of the fund belongs to the Foundation. The fund will be used for support of the charitable purposes of the Strand. Net income and capital appreciation of the fund, as governed by the Foundation's spending policy, will be paid and distributed to the Strand at least annually, for as long as the Strand is a qualified charitable organization.

The fair market value of the fund on the records of the Foundation at May 31, 2021 and 2020 was \$92,562 and \$74,839, respectively. Income received by the Strand from the fund used for operations for the years ended May 31, 2021 and 2020 was \$3,203 and \$3,229, respectively.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

12. Strand Building Fund On April 11, 2016 the Strand entered into a Designated Agency Endowment Fund Agreement with the Community Foundation of North Louisiana (the “Foundation”) to establish the Strand Building Fund (the “Fund”). Under the terms of the agreement, the Strand invested \$100,000 cash from net assets without donor restrictions which was matched by a \$100,000 donation from the Foundation as a perpetually restricted contribution to be deposited into the Fund.

Under the terms of the Fund, the Foundation has ownership of the funds while the Strand retains a beneficial interest in the earnings and capital appreciation, which may be withdrawn to pay for repairs, maintenance, and other capital improvements to the Strand building in accordance with the Foundation’s spending policy. Distributions from the Fund in excess of earnings and capital appreciation can only be made for special purposes as approved by the Foundation’s board of directors.

The fair market value of the Fund at May 31, 2021 and 2020 was \$263,413 and \$212,907; respectively. The following comprises the net earnings of the Fund reported in the statements of activities:

	2021	2020
Fund distributions included in grant income	\$ (9,111)	\$ (9,151)
Unrealized gain (loss)	59,617	(3,215)
Net earnings (loss)	\$ 50,506	\$ (12,366)

13. Work of Art

Work of Art comprises an 18th century Waterford Chandelier.

14. Building Mortgage

On April 9, 2015, as part of the terms of a \$550,000 grant to replace its roof, the Strand executed a first mortgage in favor of the foundation making the grant (the “Grantor”). The mortgage will remain in place through December 31, 2036. As a condition of the grant, the Strand agrees not to mortgage or transfer ownership of the building through December 31, 2036. Should the Strand do so, the entirety of the grant will be repayable to the Grantor.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

15. Contract Liabilities	2021	2020
Contract liabilities, beginning of year:		
Ticket sales	\$ 107,388	\$ 69,052
Theatre rentals	16,520	45,134
Program ads	-	4,833
	123,908	119,019
Revenue recognized that was included in contract liabilities at the beginning of the year		
Ticket sales	-	(69,052)
Theatre rental	-	(45,134)
Program ads	-	(4,833)
	-	(119,019)
Contract liabilities, end of year		
Ticket sales	95,104	107,388
Theatre rentals	35,169	16,520
Program ads	-	-
	\$ 130,273	\$ 123,908
16. Refundable Advances	2021	2020
Refundable Advances		
Governmental grants	70,442	70,200
Sponsorships	61,500	13,500
	131,942	83,700

Refundable advances include \$70,422 and \$70,2000 received under the Paycheck Protection Program (PPP) of the CARES Act of 2020 for the years ended May 31, 2021 and 2020 respectively. Under the provisions of the PPP program, eligible entities may receive loans backed by the Small Business Administration to pay for qualifying expenses. The loans are potentially forgivable provided the funds are used for qualifying expenses within the allowable timeframe.

Management has elected to treat the loan as a conditional contribution under the provisions of ASC 958-605 "Not-for-Profit Entities: Revenue Recognition." Under the ASC, the initial cash inflow is recorded as a refundable advance liability. Once qualifying expenses are incurred, management reduces the refundable advance liability and recognizes governmental grant revenues in the same amount.

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

16. Refundable Advances (continued) PPP proceeds of \$70,200 received during the year ended May 31, 2020 were used for qualifying expense subsequent to the year then ended. The loan was forgiven in January 2021 and is reported as a part of governmental grants for the year ended May 31, 2021.

PPP proceeds of \$70,422 received during the year ended May 31, 2021 were used for qualifying expenses subsequent to the year then ended. The loan was forgiven in September 2021. The Strand will recognize the PPP proceeds as governmental grant revenues for the year ending May 31, 2022.

17. Availability of Financial Asset

The following reflects the Strand’s financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside in the Strand Building Fund that could be drawn upon if the governing boards approves that action. However, amounts already appropriated from the Strand Building Fund for general expenditure within one year of the statements of financial position have not been subtracted as unavailable.

Availability of financial assets as of May 31, 2021 and 2020 follows:

	2021	2020
Financial assets at year end	897,038	516,448
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investment in the Strand Building Fund held in perpetual trust	(200,000)	(200,000)
Investment in the Strand Building Fund subject to appropriation and satisfaction of donor-imposed restrictions	(63,413)	(12,907)
Donations restricted by donor with time or purpose restrictions	-	-
Short-term investments required to be retained as collateral	-	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	633,625	203,541

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

**17. Availability of
Financial Assets
(continued)**

The Strand's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	633,625	200,506
Short-term investments	-	3,035
Total financial assets	633,625	203,541

**18. Change in
Accounting
Principle**

Effective June 1, 2020, the Strand adopted ASU 2014-09, "Revenue from Contracts with Customers" and subsequent amendments. The amendments are required by GAAP, and collectively create a new Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers," which replaces most of the existing revenue recognition guidance found in GAAP. ASC 606 establishes a new, single revenue framework to recognize revenue from contracts with customers and requires expanded disclosures for revenue transactions.

Effective July 1, 2020, the Strand adopted ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The ASU clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction accounted for under ASC 606. The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction.

The Strand examined the effect of adopting ASC 606 and ASU 2018-08 on the financial statements in conjunction with one another using the full retrospective method applied to contract not completed as of May 31, 2019. The only effect on the financial statements was a change in how the deferred revenues are presented on the statement of financial position for the year ended May 31, 2019.

<i>As of May 31, 2019</i>	As previously reported	As restated
Deferred revenues	\$165,407	\$ -
Contract liabilities	\$ -	\$119,019
Refundable advances	\$ -	\$ 46,388

Continued

The Strand Theatre of Shreveport Corporation

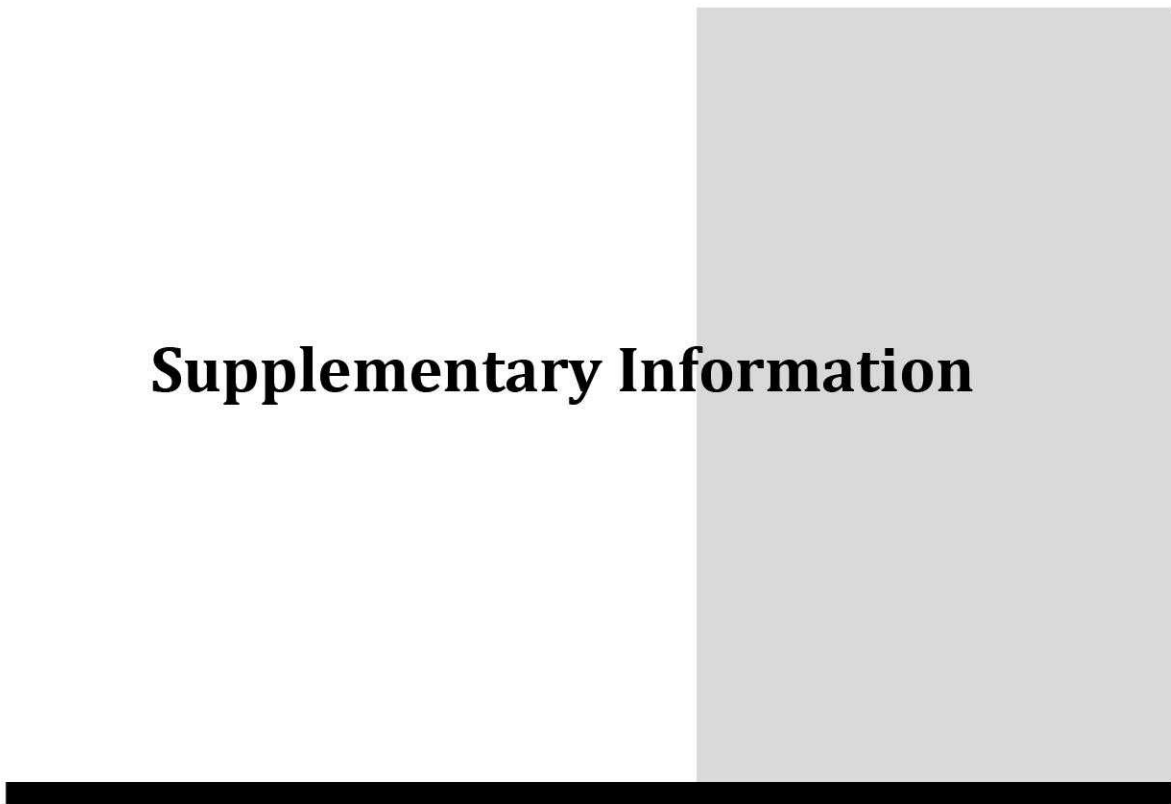
Notes to Financial Statements *(Concluded)*

18. Change in Accounting Principle (continued)

For the year ended May 31, 2020, the Strand adopted Accounting Standards Update (ASU) 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash,” which addresses classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 requires an entity’s reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents.

The Financial Accounting Standards Board has not defined restricted cash or restricted cash equivalents. The Strand considers restricted cash to include cash contributions, grants or other support received with donor restrictions that have not been released from restriction through fulfillment of the stipulated restrictions. The Strand has adopted ASU-2016-18 using a retrospective method.

Supplementary Information



The Strand Theatre of Shreveport Corporation

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended May 31, 2021

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

The Strand Theatre of Shreveport Corporation is not required to report the total compensation, reimbursements, and benefits paid to Ms. Jenifer Hill, the Executive Director, as none of those payments were made from public funds.

The Strand Theatre of Shreveport Corporation

Schedule of Findings

Current Findings:

2021-001 – Late Filing of Report

Condition

The Organization failed to comply with state law (LA R.S. 24:513) since the annual report for the year ended May 31, 2021 was not submitted to the Louisiana Legislative Auditor's Office until after November 30, 2021, the statutory due date.

Criteria

Pursuant to Louisiana Revised Statute 24:513, financial statements are required to be filed with the Louisiana Legislative Auditor no later than six months after an entity's fiscal year end.

Cause

Management required additional time to obtain sufficient and reliable documentation to support audit procedures.

Effect

The Organization was not in compliance with the state audit law.

Recommendation

Management should implement processes to ensure financial statements are timely filed.

Management's response and plan of corrective action

Management agrees with this finding and will ensure timely filing of financial statements in the future.

The Strand Theatre of Shreveport Corporation

Status of Prior Year Findings

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken	Correction Action/Partial Corrective Action Taken
2020-001	2018	Late Filing of Report	No	Repeated as 2021-001