

**Shreveport Regional Arts Council
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2023 and 2022

Shreveport Regional Arts Council
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shreveport Regional Arts Council, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 financial statements present fairly, in all material respects, the financial position of Shreveport Regional Arts Council, (a nonprofit organization) as of June 30, 2023 and 2022, 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 (*Government Auditing Standards*). 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 Shreveport Regional Arts Council, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Shreveport Regional Arts Council'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 Shreveport Regional Arts Council'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 Shreveport Regional Arts Council's ability to continue as a going concern for a reasonable period of time.

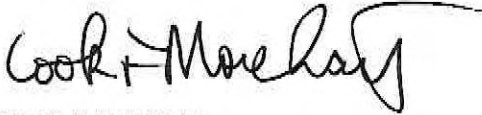
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 20, 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 GAAS. 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 December 13, 2023, on our consideration of the Shreveport Regional Arts Council'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 Shreveport Regional Arts Council'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 Shreveport Regional Arts Council's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 13, 2023

Shreveport Regional Arts Council
Shreveport, Louisiana
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,325,537	\$ 530,847
Investments	698,227	666,417
Grants receivable	270,830	259,352
Other receivables	45,206	7,468
Prepaid expenses	46,341	88,649
Total current assets	2,386,141	1,552,733
Noncurrent assets:		
Cash - restricted		945,622
Promises to give - building renovations	40,000	75,000
Property and equipment, net	2,114,002	2,252,490
Construction in progress - common park/pavilion		405,628
Operating lease right-of-use assets	36,405	
Total noncurrent assets	2,190,407	3,678,740
Total Assets	\$ 4,576,548	\$ 5,231,473
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 38,849	\$ 81,597
Accrued expenses	93,112	91,934
Line of credit		120,842
Grants payable	71,631	217,998
Refundable advance	350,000	
Right-of-use operating lease liabilities, current	6,801	
Total current liabilities	560,393	512,371
Right-of-use operating lease liabilities, less current portion	29,604	
Due to beneficiary organization:		
Common park/pavilion		1,351,250
Total Liabilities	589,997	1,863,621
Net assets		
With donor restrictions	368,951	393,882
Without donor restrictions	3,617,600	2,973,970
Total net assets	3,986,551	3,367,852
Total Liabilities and Net Assets	\$ 4,576,548	\$ 5,231,473

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 99,227	\$	\$ 99,227
Tuition and fees	13,363		13,363
Contributions of cash and other financial assets:			
Individual contributions	32,826	42,203	75,029
Business and industry contributions	65,682		65,682
Foundation grants	121,461		121,461
Government grants / contracts:			
City of Shreveport	1,006,106		1,006,106
Other governments	292,797		292,797
State of Louisiana	188,703		188,703
Special events -			
Christmas in the Sky	1,983,921		1,983,921
Rental Income	19,899		19,899
Miscellaneous income	10,805		10,805
Net assets released from restrictions			
Satisfaction of program restrictions	67,134	(67,134)	
 Total revenues, gains, support and reclassifications	 3,901,924	 (24,931)	 3,876,993
 Expenses:			
Supporting services -			
General and administrative	474,069		474,069
Fund Raising	1,127,145		1,127,145
 Total supporting services	 1,601,214		 1,601,214
Program services			
Arts in Education	320,964		320,964
Artspace	336,558		336,558
Arts Economic Development and Research	568,737		568,737
Public Programming	451,932		451,932
Capital/Special Projects	33,782		33,782
 Total programs services	 1,711,973		 1,711,973
 Total expenses	 3,313,187		 3,313,187
 Change in net assets from operations	 588,737	 (24,931)	 563,806
Nonoperating activities			
Investments return, net	54,893		54,893
 Change in net assets	 643,630	 (24,931)	 618,699
Net assets, beginning of year, restated	2,973,970	393,882	3,367,852
Net assets, end of year	\$ 3,617,600	\$ 368,951	\$ 3,986,551

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 121,859	\$	\$ 121,859
Tuition and fees	38,789		38,789
Contributions of cash and other financial assets:			
Individual contributions	23,091		23,091
Business and industry contributions	100,327		100,327
Foundation grants	165,806	12,915	178,721
Government grants / contracts:			
City of Shreveport	584,516	14,224	598,740
Other governments	307,518	5,000	312,518
State of Louisiana	201,032		201,032
Fundraising	327,578		327,578
Rental Income	12,583		12,583
Miscellaneous income	3,096		3,096
Gain on forgiveness of loan	101,220		101,220
Net assets released from restrictions			
Satisfaction of program restrictions	89,629	(89,629)	
 Total revenues, gains, support and reclassifications	 <u>2,077,044</u>	 <u>(57,490)</u>	 <u>2,019,554</u>
Expenses:			
Supporting services -			
General and administrative	494,313		494,313
Special events fund raising	314,399		314,399
 Total supporting services	 <u>808,712</u>		 <u>808,712</u>
Program services			
Arts in Education	409,516		409,516
Artspace	380,173		380,173
Arts Economic Development and Research	669,467		669,467
Public Programming	274,963		274,963
Capital/Special Projects	84,324		84,324
 Total programs services	 <u>1,818,443</u>		 <u>1,818,443</u>
 Total expenses	 <u>2,627,155</u>		 <u>2,627,155</u>
 Change in net assets from operations	 (550,111)	 (57,490)	 (607,601)
Nonoperating activities			
Investments return, net	(93,649)		(93,649)
 Change in net assets	 (643,760)	 (57,490)	 (701,250)
 Net assets, beginning of year	 <u>3,617,730</u>	 <u>451,372</u>	 <u>4,069,102</u>
 Net assets, end of year	 <u>\$ 2,973,970</u>	 <u>\$ 393,882</u>	 <u>\$ 3,367,852</u>

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Support Services			Program Services				Totals	
	General and Administrative	Fund Raising	Arts in Education	Artspace	Arts Economic Development and Research	Public Programming	Capital/Special Projects		Total Program Services
Auction Expense	\$	\$ 193,425	\$	\$	\$	\$	\$	\$ 193,425	
Awards			27,440	7,500				34,940	
Bad debt expense	43,852							43,852	
Bank charges	9,606	46,920	311	1,739	169	176		58,921	
Building rent	2,289	2,030	1,200				1,200	5,519	
Cleaning	4,300			7,870				12,170	
Contract labor	9,863	79,372	4,183	7,825	98	2,256		103,597	
Depreciation expense	68,979			3,135	45,464	39,193		156,771	
Dues and publications	15,737	151	637	419	7,080	109		24,133	
Employee benefits	15,763	7,842	5,699	5,547	4,194	4,839		43,884	
Equipment and facility rentals	15	17,237	378	848	8,943	11,956		39,377	
Event expenses		68,989	21,673	4,495		31,684		126,841	
Event hospitality		184,276	9,691	12,339	1,697	1,221		209,224	
Exhibition expense				6,701	665	10		7,376	
Grants to other agencies					393,688	5,000		398,688	
Insurance expense	43,621							43,621	
Interest				5,108				5,108	
Internet	5,690	156		1,065				6,911	
Marketing	2,282	7,811	3,441	18,117	841	7,961		40,453	
Meetings, travel, and entertainment	33,010	51,526	25,459	12,463	3,584	11,715		137,757	
Miscellaneous expense	736	14,263	5,557	21,053	975	23,379		65,963	
Payroll taxes	12,088	9,542	5,353	9,204	4,228	5,410		45,825	
Parking		5,250	150	585				5,985	
Postage and freight	1,524	4,274	96	911		656		7,461	
Printing	1,507	40,981	6,720	2,319	233	4,026		55,786	
Professional artist fees	3,240	99,179	82,367	46,752	5,600	184,395		421,533	
Professional services	34,333	16,802	5,586	8,726	29,645	19,245	33,782	148,119	
Repair and maintenance	15,236	15,720		26,789		509		58,254	
Salaries	126,460	138,651	74,289	123,728	58,981	74,940		597,049	
Security	3,214	13,355	75			5,990		22,634	
Supplies and fees	14,722	105,174	27,531	1,200	2,652	12,617		163,896	
T-shirts/souvenir		1,820	13,128			4,645		19,593	
Telephone	2,175							2,175	
Utilities	3,827	2,399		120				6,346	
	<u>\$ 474,069</u>	<u>\$ 1,127,145</u>	<u>\$ 320,964</u>	<u>\$ 336,558</u>	<u>\$ 568,737</u>	<u>\$ 451,932</u>	<u>\$ 33,782</u>	<u>\$ 1,711,973</u>	<u>\$ 3,313,187</u>

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Support Services		Program Services					Total Program Services	Totals
	General and Administrative	Fund Raising	Arts in Education	Artspace	Arts Economic Development and Research	Public Programming	Capital/ Special Projects		
Auction Expense	\$	\$ 66,378	\$	\$	\$	\$	\$	\$	\$ 66,378
Awards			17,531	4,000				21,531	21,531
Bank charges	8,501	9,524	257	2,007	101	454		2,819	20,844
Bad debt expense	52,329								52,329
Cleaning				3,666				3,666	3,666
Contract labor	16,770	5,510	501	27,252		305		28,058	50,338
Depreciation expense	71,047			3,225	43,532	43,532		90,289	161,336
Dues and subscriptions	2,252	2,075	12	1,180	15,685	72		16,949	21,276
Development	1,897	4,855	1,796	356		5,452	86	7,690	14,442
Employee benefits	11,413	6,966	6,105	9,877	3,560	4,335		23,877	42,256
Equipment and facility rentals	10,230	17,916	2,431	1,630	210	10,588	355	15,214	43,360
Event expenses		33,809	19,813	16,058	1,454	14,973	76	52,374	86,183
Exhibition expense				33,960		70		34,030	34,030
Grants to other agencies					507,431			507,431	507,431
Insurance expense	32,796		4,035			10,040		14,075	46,871
Interest				7,292				7,292	7,292
Internet	4,847		218	945		40		1,203	6,050
Marketing	940	11,695	2,379	11,836	312	9,703		24,230	36,865
Meetings, travel, and entertainment	28,856	8,807	22,091	12,392	6,168	12,483	2,118	55,252	92,915
Miscellaneous expense	975	604	1,704	38,720	2,450	1,607		44,481	46,060
Payroll taxes	9,658	6,979	5,363	9,398	3,415	5,053		23,229	39,866
Postage and freight	2,520	798	230	1,271	55	481		2,037	5,355
Professional artist fees		22,650	188,395	37,202		57,483	74,610	357,690	380,340
Professional services	39,690				27,813			27,813	67,503
Promotion and printing	4,520	4,621	4,839	6,725	196	1,145	5,500	18,405	27,546
Repair and maintenance	36,301			9,992				9,992	46,293
Salaries	125,870	100,188	78,890	130,104	56,449	72,575		338,018	564,076
Security	1,573	3,175		2,897		1,560		4,457	9,205
Supplies and fees	26,036	7,849	52,926	7,482	566	23,082	1,579	85,635	119,520
Telephone									
Program				202				202	202
Staff and board	2,073								2,073
Utilities	3,219			504				504	3,723
	<u>\$ 494,313</u>	<u>\$ 314,399</u>	<u>\$ 409,516</u>	<u>\$ 380,173</u>	<u>\$ 669,467</u>	<u>\$ 274,963</u>	<u>\$ 84,324</u>	<u>\$ 1,818,443</u>	<u>\$ 2,627,155</u>

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

Operating Activities	2023	2022
Changes in net assets	\$ 618,699	\$ (701,250)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation/amortization	156,771	161,336
Amortization on operating leases	1,771	
Gain on forgiveness of loan		(101,220)
Realized and unrealized (gains) and losses on investments	(54,893)	93,649
(Increase) decrease in operating assets:		
Grants receivable	(11,478)	(160,393)
Other receivables	(37,738)	4,083
Promises to give	35,000	25,000
Prepaid expenses	42,308	(84,385)
Increase (decrease) in operating liabilities:		
Accounts payable	(42,748)	59,785
Grants payable	(146,367)	189,161
Accrued expenses	1,178	(5,769)
Refundable advance	350,000	
Repayments of operating lease liabilities	(1,771)	
Net cash provided (used) by operating activities	910,732	(520,003)
Investing Activities		
Construction in progress - bridge lighting		(67,082)
Construction in progress - common park/pavilion	(945,622)	(102,378)
Promises to give- bridge lighting		297,263
Payments for property and equipment	(18,283)	
Purchases of investments	(31,810)	
Proceeds from sales of investments	54,893	93,547
Net cash provided (used) by investing activities	(940,822)	221,350
Financing Activities		
Payments on line of credit	(120,842)	(75,000)
Net cash (used) by financing activities	(120,842)	(75,000)
Net (decrease) in cash and cash equivalents	(150,932)	(373,653)
Cash and cash equivalents as of beginning of year	1,476,469	1,850,122
Cash and cash equivalents as of end of year	\$ 1,325,537	\$ 1,476,469
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,325,537	\$ 530,847
Restricted cash		945,622
Cash, cash equivalents, and restricted cash, end of year	\$ 1,325,537	\$ 1,476,469
Non-cash investing and financing transaction:		
Due to beneficiary organization-bridge re-lighting project		\$ 771,941
Cash received in prior period for bridge re-lighting project		(771,941)
Cash received for bridge re-lighting project	\$	\$
Due to beneficiary organization-common park/pavilion		1,351,250
Cash received in prior period for park/pavilion		(1,351,250)
Cash received for park/pavilion	\$	\$
Donation of park/pavilion	1,351,250	
Due to beneficiary organization-common park/pavilion	(1,351,250)	
Cash received for park/pavilion	\$	\$
Supplemental disclosure:		
Interest paid during the year on line of credit	\$ 5,108	\$ 7,292

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Shreveport Regional Arts Council (SRAC) is a private, nonprofit corporation governed by a board of directors and administered by a professional staff. SRAC's goal is to serve as an umbrella organization to enrich the quality of life within the region through the promotion of the Arts. SRAC's services, therefore, include providing cultural programming, scheduling and coordinating cultural activities, and other professional services directed toward its stated goal.

The following significant program services are included in the accompanying financial statements: Arts in Education, Artspace, Arts Economic Development and Research, Public Programming, Capital/Special Projects, and Fundraising.

B. Basis of Accounting

The financial statements of SRAC have been prepared on the accrual basis of accounting.

C. 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 reported revenues and expenses. Actual results could differ from those estimates.

D. 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 SRAC'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 SRAC 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. SRAC 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.

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

E. Cash and Cash Equivalents

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

F. Promises to Give

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

G. Investments

Investments are stated at fair market value, based on quoted market prices. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with the investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and may affect the short-term liquidity associated with certain investments held by the SRAC which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

H. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy are described as follows:

Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

Level 2: significant other observable inputs than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

I. Property and Equipment

It is the policy of SRAC to capitalize all fixed assets with a unit cost of \$2,500 or more. Property, equipment, and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

J. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature or any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

K. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2023 and 2022, advertising costs totaled \$40,453 and \$36,865, respectively, and are included in marketing on the Statements of Functional Expenses.

L. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contributions charged to expense for the years ended June 30, 2023 and 2022 were \$11,829 and \$13,470, respectively.

M. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2020, 2021, 2022, and 2023 are subject to examination by the IRS, generally three years after they were filed.

N. Expense Allocation

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 functions they benefit. Facility related and supportive service expenses are allocated to each function based upon management's equitable determination.

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

O. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 160 hours maximum per employee with 0–5 years' experience; up to 192 hours for employees with 6–10 years' experience; up to 240 hours for employees with 11–15 years' experience; up to 288 hours for employees with 16–20 years' experience; up to 336 hours for employees with 21–24 years' experience; up to 400 hours for employees with 25–30 years' experience; and up to 480 hours for employees with over 31 years' experience. An accrued liability for vacation time of \$63,846 and \$67,140 is included in accrued expenses at June 30, 2023 and 2022, respectively.

P. Accounts Receivable

Accounts receivable consists of miscellaneous amounts due as of June 30, 2023 and 2022, but received after those dates. Accounts receivable are shown net of a reserve for uncollectible accounts of \$45,206 and \$43,083 as of June 30, 2023 and 2022, respectively.

(2) Agreement for Services

Under a formal agreement for services between the City of Shreveport (the City) and SRAC, the City agrees to provide technical assistance in the planning and implementation of programs, use of certain facilities, office space and personnel and funding for programming. The fair value of the technical assistance received and use of the facilities, office space and personnel is not reasonably determinable and is not recorded as revenue. SRAC also agrees to provide certain programming services under the agreement.

(3) Concentrations of Credit Risk

SRAC maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. SRAC had uninsured cash balances of \$564,242 and \$906,479 at June 30, 2023 and 2022, respectively.

Promises to give for building renovations at June 30, 2023 and 2022 were from one donor.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2023 and 2022, SRAC had no significant concentrations of credit risk in relation to grant receivables.

(4) Endowment Account with Community Foundation of Shreveport–Bossier

SRAC has entered into an agreement with the Community Foundation of Shreveport–Bossier (CFSB). The agreement establishes an Agency Endowment Fund at CFSB called "Arts Forever Fund" (Fund). All property of the Fund belongs to CFSB. The fund will be used for support of the charitable purposes of SRAC. Net income and capital appreciation of the Fund, as governed by CFSB's Spending Policy, will be paid and distributed to SRAC at least annually, for as long as SRAC is a Qualified Charitable Organization.

The fair market value of the fund at June 30, 2023 and 2022 was \$298,452 and \$291,731 respectively.

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2023 and 2022
 (Continued)

(5) Restricted Assets

Assets restricted for development of park and for artspace building renovations at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash	\$	\$ 945,622
Promises to give	40,000	75,000
	\$ 40,000	\$ 1,020,622

There are no discounts or allowances associated with promises to give at June 30, 2023 and 2022, respectively.

	2023	2022
Receivables in less than one year	\$ 25,000	\$ 25,000
Receivables in one to five years	15,000	50,000
Total promises to give	\$ 40,000	\$ 75,000

Promises to give are reflected in the accompanying Statements of Financial Position as follows:

	2023	2022
Promises to give – building renovations	\$ 40,000	\$ 75,000

(6) Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets).

Investments as of June 30, 2023, and 2022, consisted of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 391,524	\$ 437,944	\$ 386,519	\$ 430,172
Other assets	14,310	13,641	13,771	17,875
Equity funds	292,393	240,573	266,127	256,505
	\$ 698,227	\$ 629,158	\$ 666,417	\$ 704,552

Investment income (loss) for the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
Interest and dividend income	\$ 19,790	\$ 71,651
Realized and unrealized gains (losses) on investments	35,103	(165,300)
	\$ 54,893	\$ (93,649)

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

(7) Development of Shreveport Common

Shreveport Common was a program administered by SRAC at the request of the City of Shreveport until such time as Shreveport Common, Inc. received its designation as a separate 501(c) 3 entity. Funds received by SRAC but not yet expended for the development of the Shreveport Common area are included in restricted cash and due to beneficiary organization as of June 30, 2023 and 2022, totaling \$0 and \$945,622, respectively. Remaining funds were expended for the intended purposes during the year ended June 30, 2023.

(8) Property and Equipment

Property and equipment at June 30, 2023, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 549,200
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,806,296
Accumulated Depreciation		<u>(1,692,294)</u>
		<u>\$ 2,114,002</u>

Depreciation expense for the year ended June 30, 2023 was \$156,771.

Property and equipment at June 30, 2022, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 530,917
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,788,013
Accumulated Depreciation		<u>(1,535,523)</u>
		<u>\$ 2,252,490</u>

Depreciation expense for the year ended June 30, 2022 was \$161,336.

(9) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accrued leave payable	\$ 63,846	\$ 67,140
Accrued payroll and related benefits	<u>29,266</u>	<u>24,794</u>
	<u>\$ 93,112</u>	<u>\$ 91,934</u>

(10) Line of Credit

SRAC has a revolving line of credit in the amount of \$500,000. The line of credit has a variable interest rate based upon the Wall Street Journal Prime Rate, which was 8.25% at June 30, 2023. The balance on the line of credit as of June 30, 2023 and 2022 was \$0 and \$120,842, respectively and had a maturity date of July 21, 2023. The line of credit was renewed on July 26, 2023, in the amount of \$500,000, with a maturity date of July 26, 2024. The line of credit is secured by an investment account held in SRAC's name.

Interest expense incurred on the line of credit for the years ended June 30, 2023 and 2022 was \$5,108 and \$7,292, respectively.

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

(11) Net Assets

Net assets at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions:		
Undesignated net assets	\$ 2,668,045	\$ 2,051,250
Designated net assets		
Grants to other organizations	237,500	237,500
Board designated reserves	<u>712,055</u>	<u>685,220</u>
Total designated for use for programs	<u>949,555</u>	<u>922,720</u>
Total net assets without donor restrictions	<u>3,617,600</u>	<u>2,973,970</u>
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for Artspace	40,000	75,000
Restricted for public art		27,139
Restricted for regrants		5,000
Restricted for bridge lighting programming	<u>328,951</u>	<u>286,743</u>
Total net assets with donor restrictions	<u>368,951</u>	<u>393,882</u>
Total Net Assets	<u>\$ 3,986,551</u>	<u>\$3,367,852</u>

(12) Right-of-Use Operating Leases

SRAC leases a copier under long-term, non-cancellable operating leases. The lease expires in 2028. The discount rate of 3.36% represents the risk-free discount rate using a period comparable with that of the individual lease term.

The right-of-use operating assets and operating lease liabilities at June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Lease Assets		
Operating lease right-of-use assets	<u>\$ 36,405</u>	<u>\$ _____</u>
Lease Liabilities		
Operating lease liabilities as June 30	\$ 36,405	\$ _____
Less current portion	<u>(6,801)</u>	<u>(_____)</u>
Operating lease liabilities	<u>\$ 29,604</u>	<u>\$ _____</u>
Total lease costs were as follows:		
Operating lease costs	<u>\$ 2,976</u>	<u>\$ _____</u>

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

Weighted-average remaining lease term – months	54
Weighted-average discount rate	3.36%

Future minimum payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

For the Year Ending June 30,	Principle	Interest	Total
2024	\$ 6,801	\$ 1,119	\$ 7,920
2025	7,033	887	7,920
2026	7,273	647	7,920
2027	7,521	399	7,920
2028	7,777	143	7,920
Total lease payment	\$ 36,405	\$ 3,195	\$ 39,600

(13) Liquidity and Availability of Financial Assets

SRAC 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. SRAC has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,325,537	\$ 530,847
Investments	698,227	666,417
Grant receivables	270,830	259,352
Other receivables	45,206	7,468
Cash restricted for projects		945,622
Total financial assets	2,339,800	2,409,706
Less amounts not available to be used within one year:		
Cash restricted for projects		(945,622)
Net assets with donor restrictions	(368,951)	(393,882)
Less designated assets which are designated for program use	(237,500)	(237,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,733,349	\$ 832,702

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 11, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary. SRAC also has a revolving line of credit in the amount of \$500,000 which could be drawn upon in the event of an unanticipated liquidity need.

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

In addition to financial assets available to meet general expenditures over the year, SRAC operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the SRAC's cash and shows cash provided (used) by operations of \$910,732 and \$(520,003) for the years ended June 30, 2023 and 2022, respectively.

(14) Concentration of Revenue

During the years ended June 30, 2023 and 2022, SRAC received contractual revenue from federal, state, parish, and city grants in the amount of \$1,487,606 and \$1,112,290, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

Included in Special Events – Christmas in the Sky, on the Statement of Activities, is revenue received from a fundraising event held every other year. Revenue received during the year ended June 30, 2023, totaled \$1,983,921, and is used for operating expenses for the following two years.

(15) Construction in Progress – Common Park/Pavilion

Construction in progress – common park/pavilion project at June 30, 2022 consisted of funds paid to construct a park and pavilion. The funding for the park and pavilion project is from a contribution from Caddo Parish in the amount of \$1,000,000 and Caddo Common for \$160,000. At the completion of the project, the park and pavilion will be donated to the City of Shreveport and will be owned by the City of Shreveport. The park and pavilion project was completed and donated to the City of Shreveport during the year ended June 30, 2023.

(16) Due to Beneficiary Organization – Common Park/Pavilion

Funds held as due to beneficiary organization - common park/pavilion project represent the value of donations received through June 30, 2022, in the amount of \$1,351,250. The funding for the park and pavilion project is from a contribution from Caddo Parish and Caddo Common. At the completion of the project, the park and pavilion will be donated to the City of Shreveport and will be owned by the City of Shreveport. At June 30, 2022, \$405,628 had been expended with the remaining \$945,622 shown as restricted cash. The park and pavilion project was completed and donated to the City of Shreveport during the year ended June 30, 2023.

(17) Grants Payable

Grants payable at June 30, 2023 and 2022 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(18) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2023 and 2022, but received after those dates. Grants receivable are shown net of a reserve for uncollectible accounts of \$102,021 and \$57,021 as of June 30, 2023 and 2022, respectively.

(19) Refundable Advance

SRAC records funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2023 and 2022
 (Continued)

(20) Restatement of Net Assets

Net assets at June 30, 2021, was restated to correct the recognition of certain previously reported construction in progress and to reflect land held for development which was donated during a previous year.

	<u>Net Assets</u>
Balance, June 30, 2021, as previously reported	\$ 4,278,352
Correction of previously reported construction in progress	(191,250)
Correction of land donated in a previous year	(18,000)
Balance, June 30, 2021, restated	<u>\$ 4,069,102</u>

(21) Adoption of New Accounting Pronouncement

Effective July 1, 2021, SRAC adopted FASB ASC 842, *Leases*. SRAC determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of operating right-of-use-assets and operating lease liabilities. Results for periods beginning prior to July 1, 2021, continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities, cash flows or debt covenants.

(22) Lease Income

SRAC subleases a building under an operating lease. The lease has a primary term of July 1, 2022 through June 30, 2024. Lease income reported as revenue in the statement of activities for the year ended June 30, 2023 was \$9,500.

Future minimum lease income for the lease having initial or remaining noncancellable lease terms in excess of one year are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2024	<u>\$ 30,000</u>

(23) Subsequent Events

Subsequent events have been evaluated through December 13, 2023, the date the financial statements were available to be issued.

(24) Gain on Forgiveness of Loan

Gain on forgiveness of loan as reported on the Statement of Activities for the year ended June 30, 2022, consisted of forgiveness of loan proceeds in the amounts of \$101,220, which were received by SRAC under the Paycheck Protection Program (PPP), which was established as apart of the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Shreveport Regional Arts Council
Shreveport, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head: Pam Atchison, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount Paid with Public Funds</u>
Salary	\$ 41,996
Benefits - insurance	1,554

COOK & MOREHART

Certified Public Accountants

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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 Auditors' Report

To the Board of Directors
Shreveport Regional Arts Council
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Regional Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shreveport Regional Arts Council'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 the Shreveport Regional Arts Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Regional Arts Council'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.

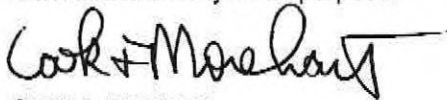
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Regional Arts Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 13, 2023

Shreveport Regional Arts Council
Shreveport, Louisiana
Summary Schedule of Audit Findings
June 30, 2023

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended June 30, 2022.

Summary Schedule of Current Year Audit Findings

There are no findings for the current year audit for the year ended June 30, 2023.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Shreveport Regional Arts Council
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, 2022 through June 30, 2023. The Shreveport Regional Arts Council (SRAC) management is responsible for those C/C areas identified in the SAUPs.

Shreveport Regional Arts Council 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, 2022 through June 30, 2023. 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:

1) Written Policies and Procedures

- A. 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:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

2) Board or Finance Committee

- A. 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
 - i. 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.
 - ii. 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. *Alternatively, for those entities reporting on the not-for-profit 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.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. Noted the following exception:

Exception: For one location selected for testing, employees share a cash drawer.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. Noted the following exceptions:

Exception: For the ACH payments selected for testing, there was no documented approval by authorized check signers.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. 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
 - i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. Noted the following exception:

Exception: SRAC has procedures for reviewing the monthly credit card statements and supporting documentation; however, that review was not being documented.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and 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
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

- A. 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. 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;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

10) Ethics

Not applicable to nonprofit organizations.

11) Debt Service

Not applicable to nonprofit organizations.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

Management represented that there were no misappropriations of public funds or assets during the year.

- B. Observe that 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.

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

Not applicable to SRAC.

We were engaged by the Shreveport Regional Arts Council, 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 the Shreveport Regional Arts Council, 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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
December 13, 2023



Inspiring the hearts and imaginations of people in Northwest Louisiana for over 40 years.



December 13, 2023

- Sandi Kallenberg
CHAIRMAN
- Henry Price
PRESIDENT
- John Albritton
VICE PRESIDENT
- Bruce Allen
VICE PRESIDENT
- Susan B. Muse
TREASURER
- Linda B. Goldsberry
artspace CHAIR
- Joe Kane
artspace PRESIDENT
- Heidi Kallenberg
SKY CHAIR
- Jodie Glorioso
PUBLIC ART CHAIR
- L. Havard Scott, III
LEGAL COUNSEL
- Pam Atchison
EXECUTIVE DIRECTOR

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Shreveport Regional Arts Council (SRAC) submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2023:

Exception: For one location selected for testing, employees share a cash drawer.

Response: Management will consider compensating controls over the shared use of cash drawers.

Exception: For the ACH payments selected for testing, there was no documented approval by authorized check signers.

Response: The Board of Directors has prescribed the responsibility for reviewing ACH payments for credit cards to the Executive Director. The Executive Director does review all bank statements, credit card statements, and credit card ACH payments on a monthly basis. Controls over other ACH payments will be implemented to include a review by authorized check signers.

Exception: SRAC has procedures for reviewing the monthly credit card statements and supporting documentation; however, that review was not being documented

Response: The monthly credit card statements and supporting documentation were reviewed and approved by someone other than the authorized card holder; however, this review was not being consistently documented. We have implemented procedures for documentation of supervisory review of all credit card statements on a monthly basis.

- Michael Acurio
- Anneka S. Alexander
- Cindy Aubrey
- Waynette Ballengee
- Kalil Busada
- Jay Covington
- Shanerika Flemings
- Margaret Furrh Green
- Roy and Nelva Griggs
- Elizabeth Kennedy
- Reid Martin
- Mark McKay
- Daryl Mitchell
- Peter Moncrief
- Kevin Preston
- William M. Sale, IV
- Andy Shehee
- Drew Tessier
- Ro White
- Stephen White

Sincerely,

Pam Atchison
Executive Director

EX-OFFICIO MEMBERS

- Renee Caldwell
- Lynn Laird
- Shelly Ragle

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