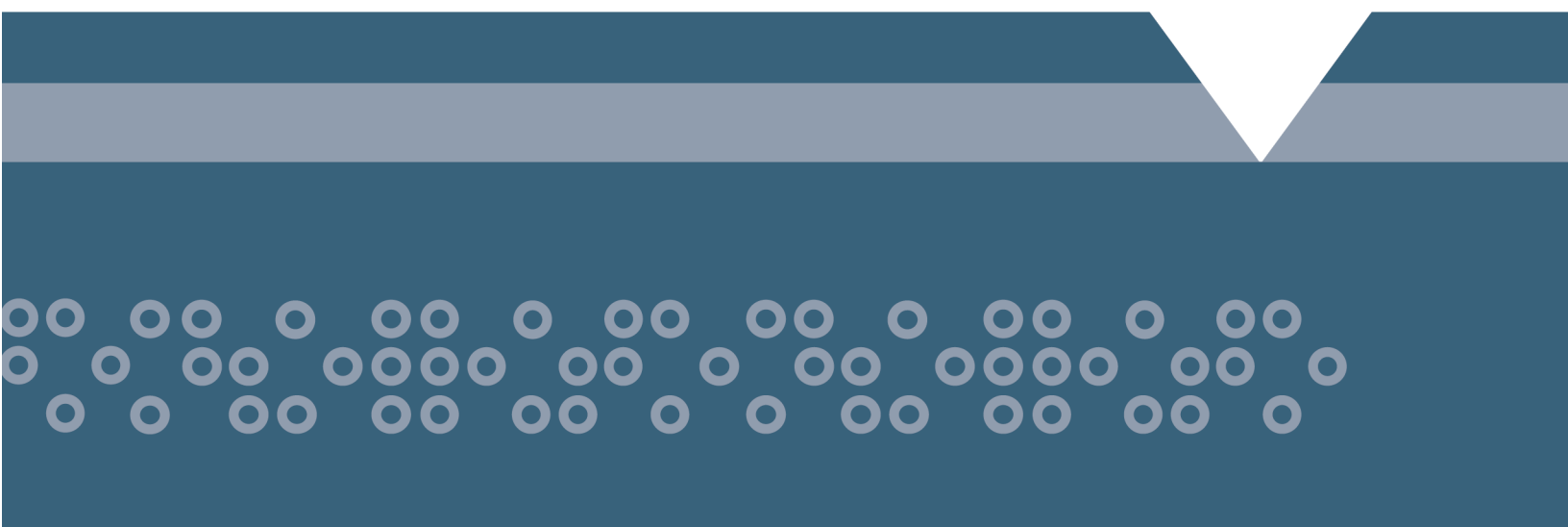


Film Prize Foundation, Inc.
Shreveport, Louisiana

December 31, 2024 and 2023



CERTIFIED PUBLIC
ACCOUNTANTS

FILM PRIZE FOUNDATION, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
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Film Prize Foundation, Inc.
Shreveport, Louisiana

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Film Prize Foundation, Inc. (the "Foundation") (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, 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 referred to above present fairly, in all material respects, the financial position of Film Prize Foundation, Inc. as of December 31, 2024 and 2023, and the changes in its net assets, functional expenses, 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. 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Foundation for the year ended December 31, 2023, were not audited under *Government Auditing Standards*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 auditor's 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, including omissions, 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 on the effectiveness of the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion this 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 June 30, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the Foundation's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2025

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash	\$ 97,930	\$ 60,059
Contributions and grants receivable	29,000	82,274
Total current assets	<u>126,930</u>	<u>142,333</u>
Property and equipment, net	<u>11,057</u>	<u>18,584</u>
Total assets	<u><u>\$ 137,987</u></u>	<u><u>\$ 160,917</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 69,474	\$ 76,500
Accrued expenses	4,273	8,552
Due to related parties	284,491	419,491
Current maturities of long-term debt	4,754	4,574
Total current liabilities	<u>362,992</u>	<u>509,117</u>
Long-term debt, less current maturities	<u>122,952</u>	<u>127,750</u>
Total liabilities	<u>485,944</u>	<u>636,867</u>
Net assets (deficit):		
Without donor restrictions	<u>(357,957)</u>	<u>(495,950)</u>
With donor restrictions	<u>10,000</u>	<u>20,000</u>
Total net assets (deficit)	<u>(347,957)</u>	<u>(475,950)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 137,987</u></u>	<u><u>\$ 160,917</u></u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 243,663	416,260	\$ 659,923
Donations and sponsorships	781,291	-	781,291
Ticket sales	384,883	-	384,883
Other revenues	110,599	-	110,599
Net assets released from restriction:			
Satisfaction of donor restrictions	426,260	(426,260)	-
Total revenues and support, net of release	1,946,696	(10,000)	1,936,696
Expenses:			
Program services	1,432,979	-	1,432,979
General and administrative	375,724	-	375,724
Total expenses	1,808,703	-	1,808,703
Change in net assets	137,993	(10,000)	127,993
Net assets (deficit), beginning of year	(495,950)	20,000	(475,950)
Net assets (deficit), end of year	<u>\$ (357,957)</u>	<u>\$ 10,000</u>	<u>\$ (347,957)</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 390,310	\$ 117,585	\$ 507,895
Donations and sponsorships	661,564	20,000	681,564
Ticket sales	250,650	-	250,650
Other revenues	57,365	-	57,365
Net assets released from restriction:			
Satisfaction of donor restrictions	117,585	(117,585)	-
Total revenues and support, net of release	1,477,474	20,000	1,497,474
Expenses:			
Program services	1,421,025	-	1,421,025
General and administrative	256,264	-	256,264
Total expenses	1,677,289	-	1,677,289
Change in net assets	(199,815)	20,000	(179,815)
Net assets (deficit), beginning of year	(296,135)	-	(296,135)
Net assets (deficit), end of year	<u>\$ (495,950)</u>	<u>\$ 20,000</u>	<u>\$ (475,950)</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Festival and special events	\$ 427,817	\$ -	\$ 427,817
Contract labor	231,756	38,099	269,855
Salaries and wages	191,550	86,617	278,167
Awards and prizes	175,976	-	175,976
Travel	76,092	21,725	97,817
Advertising and promotion	65,924	11,498	77,422
Design and printing costs	89,176	1,560	90,736
Other	45,565	29,049	74,614
Payroll taxes and benefits	35,851	12,705	48,556
Credit loss expense	-	1,321	1,321
Technology	11,782	15,029	26,811
Professional fees	25,435	91,791	117,226
Meals and entertainment	28,387	2,307	30,694
Insurance	-	10,399	10,399
Security	11,320	-	11,320
Rent	3,630	23,953	27,583
Office expenses	4,189	12,905	17,094
Interest	-	14,153	14,153
Supplies	8,529	2,594	11,123
Utilities and telephone	-	19	19
Total expenses	<u>\$ 1,432,979</u>	<u>\$ 375,724</u>	<u>\$ 1,808,703</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Festival and special events	\$ 473,075	\$ -	\$ 473,075
Contract labor	246,940	42,096	289,036
Salaries and wages	220,835	59,415	280,250
Awards and prizes	121,868	-	121,868
Travel	77,617	27,460	105,077
Advertising and promotion	62,165	8,847	71,012
Design and printing costs	78,700	-	78,700
Other	27,151	19,612	46,763
Payroll taxes and benefits	34,383	11,415	45,798
Credit loss expense	-	-	-
Technology	3,167	14,119	17,286
Professional fees	11,456	40,100	51,556
Meals and entertainment	36,521	2,660	39,181
Insurance	3,324	-	3,324
Security	12,725	-	12,725
Rent	7,657	12,000	19,657
Office expenses	1,954	9,753	11,707
Interest	-	4,985	4,985
Supplies	1,487	3,802	5,289
Utilities and telephone	-	-	-
Total expenses	<u>\$ 1,421,025</u>	<u>\$ 256,264</u>	<u>\$ 1,677,289</u>

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

FILM PRIZE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 127,993	\$ (179,815)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,527	7,527
Changes in operating assets and liabilities:		
Receivables	53,274	(34,774)
Accounts payable	(7,026)	40,498
Accrued expenses	(4,279)	3,611
Due from related parties	(135,000)	133,400
Net cash provided (used) in operating activities	<u>42,489</u>	<u>(29,553)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(4,618)	(7,271)
Net cash (used) in financing activities	<u>(4,618)</u>	<u>(7,271)</u>
Net increase (decrease) in cash	37,871	(36,824)
Cash at beginning of year	<u>60,059</u>	<u>96,883</u>
Cash at end of year	<u>\$ 97,930</u>	<u>\$ 60,059</u>
Supplemental Disclosures:		
Cash paid for interest	<u>\$ 14,153</u>	<u>\$ 4,985</u>

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

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Nature of Activities

The Film Prize Foundation, Inc. (the “Foundation”) is a Louisiana nonprofit 501(c)(3) corporation formed in 2012. The objective of the Foundation is to promote short film productions in the Northwest Louisiana area by having an annual contest. Individuals across the country are invited to shoot a short film centered in the Shreveport and Bossier City, Louisiana area with winners receiving grants and prizes. The Foundation supports other local activities by having additional contests and festivals including the Louisiana Startup Prize, Louisiana Music Prize, Film Prize Jr., and Louisiana Food Prize.

2. Summary of Accounting Policies

Basis of Accounting

These financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“GAAP”). As required by GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless the use of the asset is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net assets without donor restrictions.* Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’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 the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 statements of activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Foundation is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

The Foundation applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

The Foundation is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns remain subject to examination for three years by the Internal Revenue Service.

Cash

Cash includes amounts on deposit at local financial institutions.

Contributions and Grants Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Grants receivable represent billings which are based on expense reimbursement contracts with government agencies. Grants receivable are stated at the amount management expects to collect from outstanding balances. The Foundation expects all receivables to be collectible within one year.

Property and Equipment

Property and equipment are recorded at cost if purchased and fair market value if donated. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Useful lives for property and equipment range from 5 to 8 years. Repair and maintenance costs are expensed as incurred; major betterments and renewals are capitalized.

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized if the assets are not recoverable, and the fair value is less than the carrying value.

Contributions, Grants, and Revenue Recognition

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Sales revenues for festival tickets and merchandise are recognized when tickets and items are sold or as services are provided at a point in time. Revenue for these performance obligations, satisfied at a point in time, is generally recognized when goods or services are provided to customers and the Foundation is not required to provide additional goods or services related to that sale. The Foundation did not have performance obligations that were unsatisfied or partially unsatisfied at December 31, 2024 or 2023.

Advertising Costs

The Foundation uses advertising to promote its programs and events to the audiences it serves. Advertising costs are expensed as incurred and totaled \$77,422 and \$71,012 for the years ended December 31, 2024 and 2023, respectively.

Functional Allocation of Expenses

The statements of activities and statements of functional expenses report expenses by both natural and functional classification. Certain expenses have been allocated directly by their natural expenditure classification of program services or general and administrative. Costs are typically charged to the function they benefit. However, some costs are allocated between program services and general and administrative services, as determined by management on an equitable basis. Salaries and benefits are allocated based on time and effort.

3. Receivables

Receivables as of December 31, 2024 and 2023, consists of contributions and grants receivable of \$29,000 and \$82,274, respectively. All receivables are expected to be collected within one year.

4. Property and Equipment

Property and equipment as of December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Furniture, fixtures, and equipment	\$ 39,019	\$ 39,019
Property and equipment, at cost	39,019	39,019
Less accumulated depreciation and amortization	<u>(27,962)</u>	<u>(20,435)</u>
Property and equipment, net	<u>\$ 11,057</u>	<u>\$ 18,584</u>

Depreciation expense amounted to \$7,527 for the years ended December 31, 2024 and 2023.

5. Restrictions on Net Assets

At December 31, 2024, the Foundation had net assets with donor restrictions in the amount of \$10,000. Net assets in the amount of \$235,000 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

At December 31, 2023, the Foundation had net assets with donor restrictions in the amount of \$20,000. Net assets in the amount of \$117,585 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

6. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the date of the statements available to meet cash needs for general expenditures within one year:

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end	\$ 126,930	\$ 142,333
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor for use	<u>10,000</u>	<u>20,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 116,930</u>	<u>\$ 122,333</u>

7. Long-Term Debt

Long-term debt consists of the following:

	<u>2024</u>	<u>2023</u>
2.75% note payable to U.S. Small Business Administration ("SBA"), due April 2050, funded under the SBA's Economic Injury Disaster Loan program, collateralized by property and equipment	<u>\$ 127,706</u>	<u>\$ 132,324</u>
Total	127,706	132,324
Less: current maturities	<u>(4,754)</u>	<u>(4,574)</u>
Long-term debt	<u>\$ 122,952</u>	<u>\$ 127,750</u>

The aggregate amounts of long-term debt maturing in each of the next five years and thereafter are as follows:

2025	\$ 4,754
2026	4,894
2027	5,038
2028	5,187
2029	5,339
2030 and thereafter	<u>102,494</u>
Total maturities	<u>\$ 127,706</u>

8. Conditional Promises

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after December 31, 2024. Future funding of such

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

awards is conditioned upon the Foundation's operation of certain events and incurrence of certain costs. Because such awards represent conditional promises to the Foundation, they have not been recognized in the financial statements at December 31, 2024. Such conditional promises amounted to approximately \$800,000 at December 31, 2024.

9. Concentration of Credit Risk

The Foundation maintains cash deposits at certain financial institutions which, at times, may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash.

10. Employee Retention Tax Credit (ERTC)

Management claimed the ERTC in 2022 and recorded the credit in the amount of \$47,702 in other income; the ERTC was received in 2023. Laws and regulations concerning the ERTC are complex and subject to varying interpretations; therefore, claims made under the CARES Act may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Foundation's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Foundation at this time.

11. Related Party Transactions

The Foundation subleases office space from a related party on month-to-month terms. The operating lease provided for a monthly rental of \$1,000 through January 2024, with an increase to \$1,573 beginning in February 2024. Rent expense for this property for 2024 and 2023 was \$18,303 and \$12,000, respectively. The monthly rental payments were made directly to the landlord.

The Foundation received funds totaling \$100,269 in 2024 and \$0 in 2023 from a related party for services rendered under a grant. These funds are shown on the financial statements under Other Revenues.

The Foundation has balances due upon demand to three related parties, which do not bear interest. The total amounts due to each of the related parties as of December 31, 2024 and 2023, were \$284,491 and \$419,491, respectively.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2025 which is the date that the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2024, that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

FILM PRIZE FOUNDATION, INC.

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 2016 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 Foundation is not required to report the total compensation, reimbursements, and benefits paid to Gregory Kallenberg, Executive Director during the year ended December 31, 2024, as none of those payments were made from public funds.

OTHER REPORTS



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Film Prize Foundation, Inc.
Shreveport, Louisiana

**Independent Auditor's 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**

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 Film Prize Foundation, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2025.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2025

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Film Prize Foundation, Inc.
2. There are two significant deficiencies reported for the year ended December 31, 2024.
3. No instances of noncompliance material to the financial statements of Film Prize Foundation, Inc. were disclosed during the audit.
4. Film Prize Foundation, Inc. was not subject to a federal single audit.

B. Findings - Financial Statement Audit

2024-01 Internal Controls over Accounts Payable

Condition and Criteria: During a search for unrecorded liabilities, it was noted that vendor invoices for goods and services received throughout the period under audit were not accrued as required. According to generally accepted accounting principles (GAAP), expenses should be recognized in the same period as the related services or goods are received, regardless of when the invoice is received or paid.

Cause and Consequence: There is no formalized process for identifying and accruing expenses related to services received but not yet invoiced at the end of the accounting period. The failure to accrue for these services resulted in an understatement of accounts payable and expenses, and an overstatement of revenue.

Recommendation/Corrective Action: HMF recommends that management review invoices received subsequent to year-end and adjust the general ledger and accounts payable subsidiary ledger for any items that are payable at year-end.

2024-02 Internal Controls over Revenue Related to Grants/Sponsorships

Condition and Criteria: As a result of test work performed over revenue related to grants and sponsorships, it was noted that a 2025 sponsorship had been incorrectly recorded as revenue for the period under audit. According to generally accepted accounting principles (GAAP), revenue should be recognized when earned, regardless of when cash is received.

Cause and Consequence: Grants and sponsorships are received by the Foundation throughout various times of the year, including many that differ from the time period in which an event takes place. There is no formalized process for determining that revenues received throughout the year are being recognized in the proper period, given the purpose of the grant or sponsorship. As a result of the issue described above, there is an overstatement of revenue.

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

Recommendation/Corrective Action: HMF recommends that management review grants and sponsorships as they are received and ensure that they are recorded in the proper accounting period, given the purpose of the grant or sponsorship.

C. Findings and Questioned Costs – Major Federal Award Programs

Not applicable

FILM PRIZE FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

The entity was not required to report under *Government Auditing Standards* in the prior year, therefore, this section is not applicable.