

# **State Fair of Louisiana**

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## **FINANCIAL STATEMENTS**

**Years Ended December 31, 2022 and 2021**

# State Fair of Louisiana

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## **INDEPENDENT AUDITOR'S REPORT**

To the Executive Committee  
State Fair of Louisiana  
Shreveport, Louisiana

### **Opinion**

I have audited the accompanying financial statements of State Fair of Louisiana (a Louisiana not-for-profit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related summary of accounting policies and notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Fair of Louisiana as of December 31, 2022 and 2021, and the results of its operations 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**

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of State Fair of Louisiana and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about State Fair of

Louisiana's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 State Fair of Louisiana '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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Fair of Louisiana 's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Emphasis of Matter*

As discussed in Note 17, the State Fair of Louisiana adopted new accounting pronouncements. My opinion is not modified with respect to this matter.

*Other Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, The Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*James K. McClelland, CPA LLC*

James K. McClelland, CPA LLC

May 24, 2023

<i>December 31,</i>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets (Note 5)</b>						
<b>Current assets:</b>						
Cash (Notes 1 and 7)	\$ 245,581	\$ -	\$ 245,581	\$1,086,651	\$ -	\$1,086,651
Accounts receivable, net (Note 16)	134,815	-	134,815	92,747	-	92,747
Prepaid expenses and other	41,881	-	41,881	62,821	-	62,821
Total current assets	422,277	-	422,277	1,242,219	-	1,242,219
Property and equipment, net (Note 2)	1,251,369	-	1,251,369	1,384,799	-	1,384,799
Lease right of use asset	1,955	-	1,955	5,085	-	5,085
Reserve fund assets – demand deposits (Note 3 and 4)	400,000	-	400,000	400,000	-	400,000
Reserve fund assets - investments (Notes 3, 4 and 8)	300,000	-	300,000	300,000	-	300,000
	\$2,375,601	\$ -	\$2,375,601	\$3,332,103	\$ -	\$3,332,103

# State Fair of Louisiana

## Statements of Financial Position

	2022			2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 341,233	\$ -	\$ 341,233	\$ 305,264	\$ -	\$ 305,264
Current portion of lease liability (Note 10)	1,955	-	1,955	3,130	-	3,130
Deferred revenues	11,563	-	11,563	11,563	-	11,563
Contract liabilities (Note 16)	23,556	-	23,556	19,160	-	19,160
<b>Total current liabilities</b>	<b>378,307</b>	<b>-</b>	<b>378,307</b>	339,117	-	339,117
<b>Long-term liabilities</b>						
Lease liability (Note 10)	-	-	-	1,955	-	1,955
Long-term debt (Note 5)	150,000	-	150,000	150,000	-	150,000
<b>Total liabilities</b>	<b>528,307</b>	<b>-</b>	<b>528,307</b>	491,072	-	491,072
<b>Net Assets:</b>						
Without donor restrictions:						
Unrestricted and undesignated	1,147,294	-	1,147,294	2,141,031	-	2,141,031
Board designated (Notes 3, 4 and 8)	700,000	-	700,000	700,000	-	700,000
<b>Total net assets</b>	<b>1,847,294</b>	<b>-</b>	<b>1,847,294</b>	2,841,031	-	2,841,031
	<b>\$2,375,601</b>	<b>\$ -</b>	<b>\$2,375,601</b>	\$3,332,103	\$ -	\$3,332,103

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

# State Fair of Louisiana

## Statements of Activities

Years Ended December 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>						
Fair	\$3,054,241	\$ -	\$3,054,241	\$4,308,282	\$ -	\$4,308,282
Off-season	292,814	-	292,814	304,052	-	304,052
Total revenue	3,347,055	-	3,347,055	4,612,334	-	4,612,334
<b>Expenses:</b>						
Fair program	2,540,987	-	2,540,987	2,344,015	-	2,344,015
Off-season program	136,025	-	136,025	188,963	-	188,963
Management and general	1,870,532	-	1,870,532	1,675,277	-	1,675,277
Total expenses	4,547,544	-	4,547,544	4,208,255	-	4,208,255
Increase (decrease) in net assets from operations	(1,200,489)	-	(1,200,489)	404,079	-	404,079
<b>Other income (expense):</b>						
Long-term leasing, less expense reimbursements of \$300,822 in 2022 and \$293,933 in 2011 (Note 9 and 10)	154,828	-	154,828	181,781	-	181,781
Return on investments, net (Note 12)	7,528	-	7,528	22,766	-	22,766
Other	44,396	-	44,396	162,410	-	162,410
Total other income	206,752	-	206,752	366,957	-	366,957
<b>Increase (decrease) in net assets</b>	<b>(993,737)</b>	<b>-</b>	<b>(993,737)</b>	<b>771,036</b>	<b>-</b>	<b>771,036</b>
<b>Net assets, beginning of year</b>	<b>2,841,031</b>	<b>-</b>	<b>2,841,031</b>	<b>2,069,995</b>	<b>-</b>	<b>2,069,995</b>
<b>Net assets, end of year</b>	<b>\$ 1,847,294</b>	<b>\$ -</b>	<b>\$ 1,847,294</b>	<b>\$ 2,841,031</b>	<b>\$ -</b>	<b>\$ 2,841,031</b>

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

<i>Year ended December 31, 2022</i>	Program Activities		Supporting Activities	Total Expenses
	Fair Program	Off-Season Program	Management and General	
<b>Expenses</b>				
Accounting Fees	\$ -	\$ -	\$ 56,910	\$ 56,910
Advertisement and Promotions	421,774	-	22,140	443,914
Attractions	268,810	-	-	268,810
Awards	33,047	-	-	33,047
Bad Debt	-	-	-	-
Bank Fees	-	-	27,350	27,350
Commissions	5,005	-	-	5,005
Concessions and Catering	-	31,943	-	31,943
Conferences and Meetings	-	-	6,444	6,444
Contract Labor	294,188	1,556	236,700	532,444
Decorations	-	-	9,723	9,723
Depreciation	-	-	133,430	133,430
Dues and Subscriptions	-	-	11,991	11,991
Entertainment	320,953	-	-	320,953
Equipment and furnishings	-	-	6,991	6,991
Events	139,055	1,340	-	140,395
Fuel	5,416	-	16,089	21,505
Grounds Maintenance	49,994	-	15,490	65,484
Information Technology	-	-	10,088	10,088
Insurance	-	-	203,878	203,878
Interest	-	-	5,055	5,055
Legal Fees	-	-	1,050	1,050
Livestock Show Costs	118,121	-	-	118,121
Miscellaneous	61,184	791	48,090	110,065
Office Expenses	-	-	14,356	14,356
Parking	104,200	10,982	-	115,182
Payroll Taxes	-	-	39,487	39,487
Printing	142,526	-	2,326	144,852
Rentals	21,550	2,060	38,927	62,537
Repairs and Maintenance	28,041	271	85,412	113,724
Retirement	-	-	17,273	17,273
Safety and Security	477,606	87,082	6,447	571,135
Salaries	-	-	526,457	526,457
Sponsorship	-	-	850	850
Supplies	49,517	-	50,648	100,165
Travel	-	-	10,836	10,836
Utilities	-	-	263,251	263,251
Vehicle	0	0	2,843	2,843
<b>Total Expenses</b>	<b>\$2,540,987</b>	<b>\$136,025</b>	<b>\$1,870,532</b>	<b>4,547,544</b>

# State Fair of Louisiana

## Statements of Functional Expenses

<i>Year ended December 31, 2021</i>	Program Activities		Supporting Activities	Total Expenses
	Fair Program	Off Season Program	Management and General	
	\$ -	\$ -	\$ 42,550	\$ 42,550
	400,163	-	29,301	429,464
	294,150	-	-	294,150
	29,527	-	-	29,527
	-	-	-	-
	-	-	2,154	2,154
	-	-	43,833	43,833
	-	66,364	-	66,364
	-	-	6,429	6,429
	240,694	11,128	192,816	444,638
	-	-	20,608	20,608
	-	-	134,953	134,953
	-	-	8,523	8,523
	185,459	-	-	185,459
	-	-	7,218	7,218
	139,332	307	-	139,639
	3,368	-	11,214	14,582
	23,716	-	39,326	63,042
	-	-	8,908	8,908
	-	-	165,556	165,556
	-	-	6,248	6,248
	-	-	1,016	1,016
	105,281	-	-	105,281
	38,731	1,409	24,084	64,224
	-	-	12,089	12,089
	138,225	25,981	-	164,206
	-	-	37,502	37,502
	79,832	-	5,083	84,915
	12,923	48	15,346	28,317
	56,345	-	73,607	129,952
	-	-	16,842	16,842
	528,685	83,726	6,715	619,126
	-	-	480,161	480,161
	-	-	2,000	2,000
	67,584	-	33,463	101,047
	-	-	3,682	3,682
	-	-	240,232	240,232
	-	-	3,818	3,818
	<b>\$2,344,015</b>	<b>\$188,963</b>	<b>\$1,675,277</b>	<b>4,208,255</b>

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

# State Fair of Louisiana

## Statements of Cash Flows

Years Ended December 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Cash Flows from Operating Activities:</b>						
Increase (decrease) in net assets	\$ (993,737)	\$ -	\$ (993,737)	\$ 771,036	\$ -	\$ 771,036
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Depreciation and amortization	133,430	-	133,430	134,953	-	134,953
Gain on sale of investment	-	-	-	(13,346)	-	(13,346)
Change in operating assets and liabilities:						
Accounts receivable	(42,068)	-	(42,068)	(25,546)	-	(25,546)
Prepaid expenses and other	20,940	-	20,940	22,939	-	22,939
Accounts payable and accrued expenses	35,969	-	35,969	189,158	-	189,158
Deferred income	-	-	-	-	-	-
Contract liabilities	4,396	-	4,396	(32,090)	-	(32,090)
Net cash provided by (used in) operating activities	(841,070)	-	(841,070)	1,047,104	-	1,047,104
<b>Cash Flows from Investing Activities:</b>						
Purchases of property and equipment	-	-	-	(248,025)	-	(248,025)
Purchase of investments	-	-	-	(50,000)	-	(50,000)
Proceeds from sale of investments	-	-	-	76,413	-	76,413
Net cash (used in) provided by investing activities	-	-	-	(221,612)	-	(221,612)
<b>Cash Flows from Financing Activities:</b>						
Issuance of debt	-	-	-	-	-	-
Repayment of debt	-	-	-	-	-	-
Net cash provided by financing activities	-	-	-	-	-	-
Net increase (decrease) in cash	(841,070)	-	(841,070)	825,492	-	825,492
Cash, beginning of year	1,086,651	-	1,086,651	261,159	-	261,159
Cash, end of year	\$245,581	\$ -	\$245,581	\$1,086,651	\$ -	\$1,086,651

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

# State Fair of Louisiana

## Summary of Accounting Policies

### **Business**

The State Fair of Louisiana (the Fair) is a nonprofit corporation organized under the laws of the State of Louisiana on a nonstock basis having one class of member. The objects and purposes for which this nonprofit corporation is formed and exists are declared to be the maintenance in the Parish of Caddo, State of Louisiana, of public fairs, expositions and exhibitions of stock and farm products, and for the encouragement of agricultural and horticultural pursuits, and in all ways to promote the various industries of the State of Louisiana and the welfare of its citizens.

Substantially all of the Fair's revenue is from the sale of admissions to Fair sponsored events and exhibitions as well as the rental of its buildings for events promoted by others. Accordingly, the Fair is heavily dependent on the local community and the health of the local economy in which it operates.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the depreciable life of assets, allowance for doubtful accounts, value of investments, and value of advertising trade-out income and expense.

### **Property and Equipment**

Buildings and equipment are carried at cost and depreciated over their estimated useful lives on the straight-line method. Major additions are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

### **Reserve Fund**

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements.

# State Fair of Louisiana

## Summary of Accounting Policies

*(Continued)*

### **Financial Statement Presentation**

The Fair has adopted Accounting Standards Update (ASU) 2016-14 – “Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not for Profit Entities.” Under ASU 2016-14, the Fair is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions.

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

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

Expenses are generally reported as decreases in net assets without donor restriction. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as transfers between the applicable classes of net assets. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

The Fair has adopted ASU 2014-09 – “Revenue from Contracts with Customers (Topic 606)” as amended. Under the ASU, entities are required to identify and segment contracts into performance obligations and requires entities to account for certain contract costs and revenues as contract assets or contract liabilities.

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation.

### **Revenue Recognition**

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

# State Fair of Louisiana

## Summary of Accounting Policies (Continued)

### Revenue Recognition-- (continued)

Support arising from donated goods, property and services is recognized in the financial statements at its fair value.

Revenue without donor restrictions and the related assets, which are set aside or otherwise designated by the board of directors for specific uses, are reflected as revenue without donor restrictions and net assets without donor restrictions in the accompanying financial statements.

Revenues arising from contracts with customers are recognized at a point in time or over time as specified by the performance obligations stated or implied by the contract.

### Performance Obligations

The following provides a summary of performance obligations in contracts with customers:

#### Retail Sales of Event Admissions and Parking:

Revenue from retail sales of event admissions and parking is recognized at a point in time directly associated with the event date in an amount that reflects the consideration the Fair expects to be entitled to in exchange for those sales. Additionally, the Fair advances event admissions and parking tickets to third-party outlets for sales by those entities. Unsold tickets are returned to the Fair by the end of the event. With respect to tickets sold by third-party outlets, revenue is recognized at a point in time directly associated with the event date in the amount that reflects the consideration the Fair expects to be entitled to in exchange for those sales. If provided for in the contract, sales commission expenses are netted against revenue.

#### Carnival Operations:

The Fair contracts annual carnival operations with a professional amusement provider on a revenue-sharing basis. Additionally, the carnival operator may be required to pay the Fair certain fees for cleaning, maintenance, repairs, and other expenses incurred by the Fair. Revenue from carnival operations is recognized at a point in time directly associated with the event date in an amount that reflects the consideration the fair expects to receive based upon the revenue sharing and cost recovery formula specified in the contract.

# State Fair of Louisiana

## Summary of Accounting Policies (Continued)

### **Performance Obligations-- (continued)**

#### Facilities, Grounds and Equipment Rentals:

Revenue from short-term rentals of facilities, grounds, and equipment is recognized at a point in time when the customer exercises or has the right to exercise usage over the specified facilities, grounds, or equipment in an amount that reflects the consideration the Fair expects to be entitled to in exchange for the services provided.

#### Exhibitors and Concessionaires:

Revenue from contracts with exhibitors and concessionaires is recognized at a point in time directly associated with the event date in an amount that reflects the consideration the Fair expects to be entitled to based upon the services provided. Revenues may include a flat-fee, percentage of concession sales (less direct costs) or a combination of both.

#### Event Sponsorship:

Revenue from contracts with sponsors is recognized at a point in time directly associated with the date of the sponsored event in an amount that reflects the consideration the Fair expects to be entitled to in exchange for goods and services provided.

#### In-Kind Revenues:

The Fair provides goods and service in exchange for event advertising services from local providers. In-kind revenue for these exchange transactions is recognized at a point in time directly associated with the advertised event date in an amount that reflects the fair market value of the goods and services provided.

### **Sales Taxes**

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

# State Fair of Louisiana

## Summary of Accounting Policies

(Continued)

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**Allowance for  
Doubtful Accounts**

The Fair records an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. The Fair has a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' credit worthiness or other matters affecting collectability of amounts due from such customers could have a material effect on the Fair's results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At December 31, 2022 and 2021, the allowance for doubtful accounts totaled \$29,932 and \$29,932 respectively.

**Income Taxes**

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

The Fair has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Fair's tax positions and concluded that the Fair has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Fair to lose its tax-exempt status. Information returns of the Fair for the years ended December 31, 2019 to December 31, 2022 remain subject to examination by the Internal Revenue Service.

**Statements of  
Cash Flows**

For purposes of the statements of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, with an original or remaining maturity of three months or less, to be cash equivalents. Highly liquid debt instruments not associated with the Reserve Fund with remaining lives in excess of three months are classified as short-term investments.

**Advertising**

The Fair expenses advertising as it is incurred. The Fair expended \$443,914 and \$492,646 in the years ended December 31, 2022 and 2021, respectively, for advertising.

# State Fair of Louisiana

## Summary of Accounting Policies *(Concluded)*

### **Advertising – (continued)**

For the years ended December 31, 2022 and 2021, the Fair provided various goods and services in exchange for advertising services from local providers, the value of which is included as revenue and expense in the Statement of Activities. Included in Fair revenue and expense for 2022 and 2021 is \$186,907 and \$217,760, respectively, related to such transactions.

### **Investments**

The Fair has adopted FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are computed based on quoted market values as provided by the Fair's financial advisors.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

### **Leases**

The Fair has adopted ASC 842 "Leases." The Fair determines if an arrangement is a lease at inception. Operating leases are included in lease right-of-use ("ROU") assets and lease liabilities in the statement of financial position. Finance lease assets are included in property and equipment with an associated lease liabilities in the statement of financial position.

Lease ROU assets represent the Fair's right to use an underlying asset for the lease term and lease liabilities represent the Fair's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term using the stated rate in the lease, when available, or, when the stated rate is not available, the Fair's incremental borrowing rate based on the information available at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

# State Fair of Louisiana

## Summary of Accounting Policies *(Concluded)*

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**Leases –  
(continued)**

The Fair acts as the lessor for certain buildings and grounds. Assets subject to operating leases are included in property and equipment on the statement of financial position, net of accumulated depreciation. Lease payments are recognized as income on the statement of activities over the lease term on an undiscounted, straight-line basis. Variable lease payments are recognized as income in the period in which the conditions associated with those payments occur. None of the operating leases convey ownership of the underlying asset. The Fair has no sales-type or direct financing leases.

**Subsequent Events**

Management evaluated events subsequent to the Fair's most recent year end through May 24, 2023, the date the financial statements were available for issuance.

# State Fair of Louisiana

## Notes to Financial Statements

**1. Cash** Included in cash at December 31, 2022 and 2021 are interest bearing deposits (collected bank balance) totaling approximately \$215,000 and \$1,143,000 respectively. At December 31, 2022 the Fair maintained approximately \$115,700 on hand in excess of federal depository insurance.

**2. Property and Equipment** Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of property and equipment for the years ended December 31, 2022 and 2021 were as follows:

	<b>2022</b>	2021
Buildings	<b>\$ 7,136,776</b>	\$ 7,136,776
Equipment	<b>2,685,525</b>	2,775,924
Land improvements	<b>1,476,178</b>	1,476,178
Website	<b>15,000</b>	15,000
Land	<b>14,500</b>	14,500
	<b>11,327,979</b>	11,418,378
Less accumulated depreciation and amortization	<b>10,076,610</b>	10,033,579
<b>Net property and equipment</b>	<b>\$ 1,251,369</b>	\$ 1,384,799

**3. Reserve Fund** An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes.

# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 4. Reserve Fund Assets

Reserve fund assets are as follows at December 31, 2022 and 2021:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2022</u>				
Reserve fund assets:				
Interest bearing demand deposits	\$400,000	\$ -	\$ -	\$400,000
Certificates of deposit	300,000	-	-	300,000
Reserve fund assets	\$700,000	\$ -	\$ -	\$700,000

#### December 31, 2021

Reserve fund assets:				
Interest bearing demand deposits	\$400,000	\$ -	\$ -	\$400,000
Certificates of deposit	300,000	-	-	300,000
Reserve fund assets	\$700,000	\$ -	\$ -	\$700,000

Reserve Fund investments are invested in bank certificates of deposit and demand deposits. Total depository insurance coverage of these certificates of deposit and the demand deposit is \$700,000 as of December 31, 2022.

### 5. Notes payable and long-term debt

Long-term debt comprises the following at December 31, 2022 and 2021:

	<b>2022</b>	2021
A 2.75% EIDL note payable to the United States Small Business Administration in 330 monthly installments of \$641 beginning February 2023 with one final payment of \$29,585 in July 2050 with each installment first applied to interest accrued beginning August 2020, then applied to principal and interest, collateralized by substantially all assets.	<b>\$150,000</b>	\$150,000
	<b>150,000</b>	150,000
Less: Current maturities	-	-
	<b>\$150,000</b>	\$150,000

(Continued)

# State Fair of Louisiana

## Notes to Financial Statements (Continued)

<b>5. Notes payable and long-term debt - continued</b>	Schedule of maturities of long-term debt	
	2023	\$ -
	2024	-
	2025	-
	2026	3,268
	2027	3,703
	Thereafter	143,029
		<hr/>
		\$150,000

**6. Commitments and Contingencies** From time to time, in the normal course of business, the Fair is involved in various matters of litigation. Management does not believe the ultimate outcome of any such matters will be material to the financial statements of the Fair.

**7. Supplemental Cash Flows Information** Cash basis interest expense totaled \$101 and \$601 in 2022 and 2021, respectively

**8. Fair Value Disclosures** The Fair utilizes fair value measurements to record certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of further cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB Accounting Standards Codification Topic 820, *Fair Value Measurements*, establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, as follows:

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# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 8. Fair Value Disclosures – continued

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Fair has the ability to access.

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

Level 3 – Significant unobservable inputs that generally include situations where there is little, if any, market activity of the investment. The inputs into determination of fair value require significant management judgment or estimation.

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

#### Fair Value Measurements at Reporting Date

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2022</u>			
Certificates of deposit	\$300,000	\$ --	\$300,000
	\$300,000	\$ --	\$300,000

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2021</u>			
Certificates of deposit	\$300,000	\$ -	\$300,000
	\$300,000	\$-	\$300,000

Certificates of deposit are valued at cost which approximates fair value.

# State Fair of Louisiana

## Notes to Financial Statements

*(Continued)*

### 9. Leases as Lessor

The Fair acts as the lessor for certain buildings and grounds. All leases are operating-type leases and do not convey ownership of the underlying asset. Management considers all future minimum lease payments to be fully collectable.

The Fair acts as lessor for the following as of December 31, 2022:

A building with a carrying value of zero, beginning October 2016 with minimum monthly payments of \$2,500 through April 2027. As a variable consideration, the lessee pays the Fair the greater of \$2,500 per month or \$1.00 per paid admissions ticket to the venue. The lessee is responsible for all maintenance, utilities, and janitorial expenses.

Grounds with a carrying value of zero, beginning October 2015 with minimum monthly payments of \$1,078 through September 2025.

Grounds with a carrying value of zero, beginning October 2015 with minimum monthly payments of \$667 through September 2025.

Grounds with a carrying value of zero, beginning October 2015 with minimum monthly payments of \$667 through September 2025.

Grounds with a carrying value of zero, beginning July 2018 with minimum monthly payments of \$760 through June 2028.

Grounds with a carrying value of zero, beginning July 2018 with minimum monthly payments of \$875 through June 2028, followed by five additional 10-year terms and one additional term of five years. As a variable consideration, if the lessee subleases the property, the Fair shall receive 50% of the sublease revenues earned.

Grounds with a carrying value of zero, beginning June 2010 with minimum monthly payments of \$3,500 through June 2020, with automatic extensions of 36 months unless otherwise modified.

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# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 9. Leases as Lessor - continued

Long-term leasing revenues were as follows.

	2022	2021
Building leasing	<b>\$341,476</b>	\$333,314
Grounds leasing	<b>90,563</b>	119,907
Variable sublease income	<b>23,611</b>	22,493
Less expense reimbursements charged under leasing contracts	<b>(300,822)</b>	(293,933)
<b>Long-term leasing</b>	<b>\$154,828</b>	\$ 181,781

Schedule of future minimum long-term lease payments is as follows:

	Facilities	Grounds	Total
2023	30,000	90,563	120,563
2024	30,000	90,563	120,563
2025	30,000	83,329	113,329
2026	30,000	40,625	70,625
2027 and thereafter	10,000	29,438	39,438
<b>Total</b>	<b>130,000</b>	<b>334,518</b>	<b>464,518</b>

### 10. Leases as Lessee

The Fair has the following lease obligations as lessee as of December 31, 2022:

Office equipment with an initial present value of \$7,183, an imputed annual interest rate of 5.5% included in 48 monthly payments of \$167 beginning January 2019, with an option to purchase the equipment for fair market value at the end of the lease term.

Office equipment with an initial present value of \$5,964, a stated annual interest rate of 0% included in 60 monthly payments of \$99 beginning July 2019, with no option to purchase the equipment at the end of the lease term.

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# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 10. Leases as Lessee - continued

Subsequent to the year ended December 31, 2022, office equipment with an initial present value of \$7,832, an imputed annual interest rate of 8.0% included in 48 monthly payments of \$191 beginning March 2023, with an option to purchase the equipment for fair market value at the end of the lease term.

The following summarizes lease information for the year ended December 31, 2022:

Expenses	
Operating lease expense	\$3,130
Total lease expense	\$3,130

Supplemental cash flow information:

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

Operating cash flows	\$3,130
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Right of use asset obtained in exchange for lease liabilities:

Operating leases	\$-
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Weighted average remaining lease term (in years)

Operating leases	0.8
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Weighted average discount rate

Operating leases	2.8%
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# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 10. Leases as Lessee - continued

Maturity Analysis	
	Operating
2023	\$ 3,272
2024	2,891
2025	2,294
2026	2,294
2027	382
Total	11,133
Less present value discount	(1,346)
Less new lease commitments subsequent to year end	(7,832)
Lease liability	\$ 1,955

### 11. 401(k) Plan

Effective January 1, 2013, the Fair established a qualified, contributory 401(k) plan ("Plan") for all eligible employees. Eligible employees can contribute up to 90% of gross compensation, subject to such maximum annual amounts as may be allowed under the Internal Revenue Code, into the Plan. For each Safe Harbor Participant, as defined, the Fair contributes 3% of compensation. Also, the Fair may contribute a discretionary amount as determined annually by the Executive Committee. No discretionary contributions were made in 2022 or 2021. The total of the matching contributions made by the Fair in 2022 and 2021 were \$13,366 and \$10,743, respectively.

# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 13. Related Party Transactions

The Fair carries balances in four banks, employees of which are also members of the Fair's board of directors. In 2021, the owner of the Fair's credit card processor became a member of the Fair's board of directors. The Fair paid \$485 and \$5,582 for those services for the year ended December 31, 2022 and 2021, respectively.

### 14. Disaggregation of Revenue

Revenue, disaggregated by timing of transfer of goods and services is summarized as follows:

	2022	2021
Revenue recognized based on goods and services transferred to customers at a point in time	<b>\$3,347,055</b>	\$4,611,364

### 15. Availability of Financial Assets

The following reflects the Fair's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available also include amounts set aside by the board of directors that could be drawn upon if the board approves that action

	2022	2021
Financial assets at year end	<b>\$1,080,396</b>	\$1,879,398
Less those designated by the board of directors as an emergency reserve subject to spending policy and appropriations to support general expenditures (See Note 3)	<b>(700,000)</b>	(700,000)
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 380,396</b>	\$1,179,398

# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 15. Availability of Financial Assets - Continued

Financial assets available to meet cash needs for general expenditures within one year consist of the following:

	2022	2021
Cash and cash equivalents	<b>\$245,581</b>	\$1,086,651
Accounts receivable	<b>134,815</b>	92,747
	<b>\$380,396</b>	\$1,179,398

### 16. Contract Balances

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

Contract assets consist of the Fair's right to payment from customers for goods or services that have been provided to those customers, with the right to collection conditional on something other than the passage of time.

Contract liabilities consist of the Fair's obligations to transfer goods or services to customers for which the Fair has received consideration from customers, including advance payments received from customers for future goods and services.

Accounts receivable represent the Fair's unconditional right to receive payment for the fulfillment of contract performance obligations or other conditions.

Accounts receivable, contract assets and contract liability balances are as follows:

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# State Fair of Louisiana

## Notes to Financial Statements (Continued)

### 16. Contract Balances - Continued

	2022	2021
Accounts receivable, net	\$134,815	\$92,747
Contract assets	-	-
Contract liabilities	\$ 23,556	\$19,160

The following provides information about significant changes in contract liabilities:

	2021	2020
Contract liabilities, beginning of year	\$ 19,160	\$ 51,250
Revenue recognized that was included in contract liabilities at the beginning of year	(19,160)	(51,250)
Increase in contract liabilities due to cash received during the period	23,556	19,160
Contract liabilities, end of year	\$ 23,556	\$ 19,160

### 17. Adoption of New Accounting Pronouncements

The Fair adopted the provisions of ASC 842 "Leases" effective January 1, 2022. Under ASC 842, the Fair as a lessee is required to record a Right of Use asset and a corresponding lease liability for both operating and financing leases. Previously, operating leases were not required to be recognized on the statement of financial position. Under ASC 842, the Fair as a lessor is required to provide enhanced qualitative and quantitative disclosures for operating-type leases. As the lessor, the Fair is also required to reassess changes in collectability after the commencement date of the lease.

The provisions of ASC 842 were adopted on a full retrospective basis for all leases in effect prior to January 1, 2022.

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# State Fair of Louisiana

## Notes to Financial Statements (Concluded)

### 17. Adoption of New Accounting Pronouncements – Continued

The effect on the December 31, 2021 financial statement is summarized below:

	As originally reported	As restated
<b>Statement of financial position</b>		
Assets		
Lease right of use asset	\$ -	\$ 5,085
Total assets	\$3,327,018	\$3,332,103
Liabilities		
Lease liability, current portion	\$ -	\$ 3,130
Lease liability	\$ -	\$ 1,955
Total liabilities	\$ 485,987	\$ 491,072

# State Fair of Louisiana

## Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended December 31, 2022

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 State Fair of Louisiana is not required to report the total compensation, reimbursements, and benefits paid to Mr. Christopher Giordano, the Fair's President and General Manager, as none of those payments were made from public funds.

# State Fair of Louisiana

## Schedule of Findings

For the Year Ended December 31, 2022

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There are no findings for the year ended December 31, 2022.

There were no findings for the year ended December 31, 2021.