

**FESTIVAL INTERNATIONAL
DE LOUISIANE, INC.**

Lafayette, Louisiana

Consolidated Financial Report

Year Ended August 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statement of financial position	4
Consolidated statement of activities	5
Consolidated statement of functional expenses	6
Consolidated statement of cash flows	7
Notes to consolidated financial statements	8-13
SUPPLEMENTAL INFORMATION	
Consolidating statement of financial position	15
Consolidating statement of activities	16
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	18-19
Schedule of current and prior year audit findings and management's corrective action plan	20-21

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Festival International de Louisiane, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Festival International de Louisiane, Inc. and affiliate as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities included in supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2022, on our consideration of Festival International de Louisiane, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Festival International de Louisiane, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Festival International de Louisiane, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 23, 2022

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Financial Position
August 31, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,286,555
Receivables -	
Other	112,800
Inventory	<u>35,192</u>
Total current assets	<u>1,434,547</u>
Property and equipment, net	<u>560,036</u>
Other assets:	
Prepaid items	63,958
Trademark	<u>590</u>
Total other assets	<u>64,548</u>
Total assets	<u>\$ 2,059,131</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accrued liabilities	\$ 237,473
Short-term notes payable	70,742
Current maturities of long-term debt	<u>24,353</u>
Total current liabilities	332,568
Noncurrent liabilities:	
Long-term debt, less current maturities	<u>429,915</u>
Total liabilities	762,483
Net assets:	
Without donor restrictions	<u>1,296,648</u>
Total liabilities and net assets	<u>\$ 2,059,131</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Activities
Year Ended August 31, 2021

	Without Donor Restrictions
Support-	
Contributions	\$ 368,825
Grants	434,298
Fundraising	11,402
In-kind contributions	<u>223,090</u>
Total support	<u>1,037,615</u>
Revenue-	
Sales, net of direct expenses	39,745
Interest	858
Miscellaneous	<u>71,422</u>
Total revenue	<u>112,025</u>
Total support and revenue	<u>1,149,640</u>
Expenses-	
Program services:	
Programming	85,972
Production	146,510
Marketing and promotion	<u>209,807</u>
Total program services	<u>442,289</u>
Supporting services:	
Management and general	141,899
Fundraising	<u>132,626</u>
Total supporting services	<u>274,525</u>
Total expenses	<u>716,814</u>
Change in net assets	432,826
Net assets, beginning of year	<u>863,822</u>
Net assets, end of year	<u>\$1,296,648</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Functional Expenses
Year Ended August 31, 2021

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Programming	Production	Marketing and Promotion		Management and General	Fundraising		
Salaries and benefits	\$ 55,000	\$ 67,141	\$ 13,155	\$ 135,296	\$ 66,741	\$ 84,236	\$ 150,977	\$ 286,273
Professional fees	27,063	-	-	27,063	3,420	2,280	5,700	32,763
Outside services and fees	-	1,000	-	1,000	8,129	5,419	13,548	14,548
Supplies	-	87	-	87	5,411	3,608	9,019	9,106
Telephone and utilities	-	-	-	-	3,767	2,511	6,278	6,278
Postage and shipping	-	-	-	-	232	155	387	387
Payroll taxes	3,815	4,501	931	9,247	4,910	6,050	10,960	20,207
Rental of property and equipment	-	3,342	-	3,342	2,656	1,771	4,427	7,769
Hospitality	19	60,689	-	60,708	-	-	-	60,708
Meals and lodging	-	-	-	-	298	198	496	496
Advertising and promotion	-	-	180,787	180,787	-	-	-	180,787
Research	-	-	-	-	1,156	770	1,926	1,926
Sound and lighting	-	4,000	-	4,000	-	-	-	4,000
Insurance	-	5,749	-	5,749	13,557	9,038	22,595	28,344
Photography	-	-	3,300	3,300	-	-	-	3,300
Depreciation	-	-	-	-	18,359	-	18,359	18,359
Special events	-	-	-	-	-	7,748	7,748	7,748
Other	75	1	11,634	11,710	13,263	8,842	22,105	33,815
	<u>\$ 85,972</u>	<u>\$ 146,510</u>	<u>\$ 209,807</u>	<u>\$ 442,289</u>	<u>\$ 141,899</u>	<u>\$ 132,626</u>	<u>\$ 274,525</u>	<u>\$ 716,814</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Cash Flows
Year Ended August 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 432,826
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,359
Changes in current assets and liabilities -	
Increase in receivables	(102,800)
Decrease in inventory	1,213
Increase in accrued liabilities	<u>170,343</u>
Net cash provided by operating activities	<u>519,941</u>
Cash flows from capital and related financing activities:	
Principal paid on note payable	(92,656)
Proceeds from short-term notes payable	<u>70,742</u>
Net cash used by capital and related financing activities	<u>(21,914)</u>
Net increase in cash and cash equivalents	498,027
Cash and cash equivalents, beginning of year	<u>788,528</u>
Cash and cash equivalents, end of year	<u>\$1,286,555</u>
Supplemental information:	
Interest paid	<u>\$ 9,514</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

Festival International de Louisiane, Inc. (Organization) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Francophone festival of performing and visual arts.

Festival International de Louisiane Land Holdings, LLC, a sole member limited liability company, was created by Festival International de Louisiane, Inc. in fiscal year 2017 as a separate entity for acquiring a commercial real estate building to facilitate operations. Festival International de Louisiane Land Holdings, LLC is wholly owned by Festival International de Louisiane, Inc. and, as such, is consolidated in these financial statements.

B. Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

D. Grants Receivable

Grants receivable are recognized only to the extent that related expenses have been incurred.

E. Property and Equipment

The Organization's capitalization policy is \$2,500 for property and equipment recorded at cost, if purchased, or at estimated fair value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the useful lives of the assets. Depreciation is computed by the straight-line method at rates based the following estimated useful lives:

	<u>Years</u>
Furniture	3-5
Equipment	3-7
Buildings	40

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

F. Revenue and Expense Recognition

The Organization's main source of revenue is from contributions and proceeds from the festival. Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are 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 restriction.

G. Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

I. Compensated Absences

The Organization allows employees annual leave based on years of service. Annual leave must be taken during the year and is not cumulative.

J. Advertising Costs

Advertising costs are expensed in the year in which they are incurred. Advertising expense for the year ended August 31, 2021 was \$180,787.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

K. Donated Materials and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied. Donations meeting the criteria are recorded at estimated fair value as follows:

Program Services:

Production-

Rental of property and equipment	\$ 18,189
Hospitality and other	<u>51,500</u>
	<u>69,689</u>

Marketing and Promotion:

Advertising	<u>153,401</u>
-------------	----------------

Total donated materials and services	<u>\$ 223,090</u>
--------------------------------------	-------------------

L. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of August 31, 2021, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at August 31, 2021:	\$ 1,399,355
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,399,355</u>

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(3) Property and Equipment

Property and equipment consist of the following as of August 31, 2021:

Land	\$ 169,009
Buildings	422,582
Furniture and equipment	<u>49,218</u>
Total	640,809
Less: Accumulated depreciation	<u>(80,773)</u>
Property and equipment, net	<u>\$ 560,036</u>

Depreciation expense for the year ended August 31, 2021 was \$18,359.

(4) Short-term Notes Payable

As a result of the unprecedented economic disruption experienced due to the Coronavirus (COVID-19) outbreak, the CARES Act was passed and signed into law on March 27, 2020. This law provides several coronavirus relief options available to small businesses and nonprofit organizations including the Paycheck Protection Program (PPP). The PPP, administered by the Small Business Administration (SBA), is designed to provide a direct incentive for small businesses to keep their employees on the payroll. SBA will forgive these loans if all employee retention criteria are met and the funds are used for eligible expenses. In April 2021, the Organization received a PPP Loan from Iberia Bank. At August 31, 2021, this loan totaled \$70,742 and is reported as a current liability. This loan was fully forgiven on January 20, 2022.

(5) Long-Term Debt

At August 31, 2021 long-term debt was comprised of the following:

Lafayette Public Trust Financing Authority \$550,000 note payable dated February 23, 2017, maturing May 2032. The terms of the loan include principal of \$400,000 bearing interest of 3% per annum and shall be payable in equal monthly installments of principal and interest in the amount of \$2,762 for a term of 180 months. Provided that all loan terms are met, beginning on the eleventh anniversary date of the note, \$30,000 shall be converted to a grant for each of the remaining years, for a total of \$150,000.

\$ 454,268

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

The maturities of long-term debt are as follows:

<u>Year ending</u> <u>August 31,</u>	<u>Principal</u>
2022	\$ 24,353
2023	25,094
2024	25,857
2025	26,643
2026	27,454
Thereafter	<u>324,867</u>
Total	<u>\$ 454,268</u>

(6) Litigation and Claims

There was no pending litigation against the Organization at August 31, 2021.

(7) Sales (Net of Direct Expenses)

The following is a schedule of the gross sales revenues and the related cost of revenues for the year ended August 31, 2021.

Gross sales revenue	\$ 72,079
Cost of revenues	<u>(32,334)</u>
Net sales revenue	<u>\$ 39,745</u>

(8) Related Party Transaction

During the fiscal year, the Organization purchased merchandise inventory in the amount of \$6,509 from Parish Ink, LLC, which is owned by a Board Member.

(9) Risk Management

The Organization is exposed to risks of loss in the areas of health care, general liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(10) Concentration of Credit Risk

The Organization maintains cash account balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2021, the Organization's cash balances (bank balances) were fully secured. The Organization has not experienced any loss on such deposits.

(11) Schedule of Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds.

(12) Fair Value Measurements

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, long-term debt, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(13) Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Organization's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

(14) Subsequent Events

Subsequent events have been evaluated through February 23, 2022, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidating Statement of Financial Position
August 31, 2021

	<u>Festival International de Louisiane, Inc.</u>	<u>Festival International de Louisiane Land Holdings, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,286,555	\$ -	\$ -	\$ 1,286,555
Receivables-				
Other	112,800	-	-	112,800
Inventory	<u>35,192</u>	<u>-</u>	<u>-</u>	<u>35,192</u>
Total current assets	<u>1,434,547</u>	<u>-</u>	<u>-</u>	<u>1,434,547</u>
Property and equipment, net	<u>54,935</u>	<u>505,101</u>	<u>-</u>	<u>560,036</u>
Other assets:				
Prepaid items	63,958	-	-	63,958
Trademark	<u>590</u>	<u>-</u>	<u>-</u>	<u>590</u>
Total other assets	<u>64,548</u>	<u>-</u>	<u>-</u>	<u>64,548</u>
Total assets	<u>\$ 1,554,030</u>	<u>\$ 505,101</u>	<u>\$ -</u>	<u>\$ 2,059,131</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accrued liabilities	\$ 237,473	\$ -	\$ -	\$ 237,473
Short-term notes payable	70,742	-	-	70,742
Current maturities of long-term debt	<u>-</u>	<u>24,353</u>	<u>-</u>	<u>24,353</u>
Total current liabilities	308,215	24,353	-	332,568
Noncurrent liabilities:				
Long-term debt, less current maturities	<u>-</u>	<u>429,915</u>	<u>-</u>	<u>429,915</u>
Total liabilities	308,215	454,268	-	762,483
Net assets:				
Without donor restrictions	<u>1,245,815</u>	<u>50,833</u>	<u>-</u>	<u>1,296,648</u>
Total liabilities and net assets	<u>\$ 1,554,030</u>	<u>\$ 505,101</u>	<u>\$ -</u>	<u>\$ 2,059,131</u>

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidating Statement of Activities
Year Ended August 31, 2021

	Without Donor Restrictions			<u>Consolidated</u>
	<u>Festival International de Louisiane, Inc.</u>	<u>Festival International de Louisiane Land Holdings, LLC</u>	<u>Eliminations</u>	
Support-				
Contributions	\$ 368,825	\$ -	\$ -	\$ 368,825
Grants	434,298	-	-	434,298
Fundraising	11,402	-	-	11,402
In-kind contributions	<u>223,090</u>	<u>-</u>	<u>-</u>	<u>223,090</u>
Total unrestricted support	<u>1,037,615</u>	<u>-</u>	<u>-</u>	<u>1,037,615</u>
Revenue-				
Sales, net of direct expenses	39,745	-	-	39,745
Interest	858	-	-	858
Rental income	-	33,148	(33,148)	-
Miscellaneous	<u>71,422</u>	<u>-</u>	<u>-</u>	<u>71,422</u>
Total unrestricted revenue	<u>112,025</u>	<u>33,148</u>	<u>(33,148)</u>	<u>112,025</u>
Total support and revenue	<u>1,149,640</u>	<u>33,148</u>	<u>(33,148)</u>	<u>1,149,640</u>
Expenses-				
Program services:				
Programming	85,972	-	-	85,972
Production	146,510	-	-	146,510
Marketing and promotion	<u>209,807</u>	<u>-</u>	<u>-</u>	<u>209,807</u>
Total program services	<u>442,289</u>	<u>-</u>	<u>-</u>	<u>442,289</u>
Supporting services:				
Management and general	154,969	20,078	(33,148)	141,899
Fundraising	<u>132,626</u>	<u>-</u>	<u>-</u>	<u>132,626</u>
Total supporting services	<u>287,595</u>	<u>20,078</u>	<u>(33,148)</u>	<u>274,525</u>
Total expenses	<u>729,884</u>	<u>20,078</u>	<u>(33,148)</u>	<u>716,814</u>
Change in net assets	419,756	13,070	-	432,826
Net assets, beginning of year	<u>826,059</u>	<u>37,763</u>	<u>-</u>	<u>863,822</u>
Net assets, end of year	<u>\$1,245,815</u>	<u>\$ 50,833</u>	<u>\$ -</u>	<u>\$1,296,648</u>

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

WWW.KCSRCPAS.COM

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022

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

* A Professional Accounting Corporation

To the Board of Directors
Festival International de Louisiane, Inc.
Lafayette, 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 consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Festival International de Louisiane, Inc.'s internal control over financial reporting (internal control) to determine the 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 Festival International de Louisiane, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Festival International de Louisiane, Inc.'s Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 23, 2022

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2021

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2013

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Organization does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Organization has evaluated processes within the accounting system and has reassigned incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2021

B. Compliance

There were no compliance findings.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of duties

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2021-001.