Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

December 31, 2025 and 2024

HMV
CERTIFIED PUBLIC ACCOUNTANTS

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

BOSSIER CITY, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

HMV

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To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ark-La-Tex Regional Air Service Alliance (a non-profit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ark-La-Tex Regional Air Service Alliance as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ark-La-Tex Regional Air Service Alliance 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.

Responsibilities of Management for the Financial Statements

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

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 Ark-La-Tex Regional Air Service Alliance'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

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 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 Ark-La-Tex Regional Air Service Alliance'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 Ark-La-Tex Regional Air Service Alliance's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes (LRS) 24:513(A)(3) on page 11 for the 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 and *Government Auditing Standards*. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head 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 24, 2026, on our consideration of the organization'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 the organization'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 Ark-La-Tex Regional Air Service Alliance's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 24, 2026

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

ASSETS	2025	2024
Assets:		
Cash and cash equivalents	$ 5,630,669	$ 5,408,078
Occupancy tax receivable	88,201	53,416
Prepaid insurance	1,949	1,949
Total assets	$ 5,720,819	$ 5,463,443

LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 881	$ 843
Total liabilities	881	843
Net assets:		
Without donor restrictions	5,719,938	5,462,600
Total net assets	5,719,938	5,462,600
Total liabilities and net assets	$ 5,720,819	$ 5,463,443

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Change in net assets without donor restrictions:		
Revenues:		
Occupancy tax	$ 836,063	$ 813,184
Interest income	114,617	12,693
Total revenues	950,680	825,877
Expenses:		
Program Services	671,998	39,931
Management and general	21,344	19,115
Total expenses	693,342	59,046
Change in net assets	257,338	766,831
Net assets at beginning of period	5,462,600	4,695,769
Net assets at end of period	$ 5,719,938	$ 5,462,600

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025		2024	
	Program Services		Program Services	
	Air Service Development	Management and General	Air Service Development	Management and General
Administrative and service fees	$ -	$ 8,210	$ -	$ 8,617
Air service incentives	671,998	-	39,931	-
Professional fees	-	11,185	-	8,300
Insurance	-	1,949	-	2,198
	$ 671,998	$ 21,344	$ 39,931	$ 19,115

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 257,338	$ 766,831
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in tax receivable	(34,785)	4,164
Decrease in prepaid expenses	-	249
Increase in accounts payable	38	562
Net cash provided by operating activities	222,591	771,806
Increase in cash and cash equivalents	222,591	771,806
Cash and cash equivalents at beginning of year	5,408,078	4,636,272
Cash and cash equivalents at end of year	$ 5,630,669	$ 5,408,078

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

1. Organization

The Ark-La-Tex Regional Air Service Alliance (RASA) is a Louisiana nonprofit organization whose mission is to increase air service through the Shreveport Regional Airport for the benefit of citizens and business travelers in the Ark-La-Tex area. Chartered on January 23, 2012, RASA was formed and exempted under Section 501(c)(4) of the Internal Revenue Code and is its own independent nonprofit entity. RASA works toward its objective through payments of incentives to airline carriers for their expansion of services in the Shreveport market. RASA's major funding source is the Shreveport-Bossier City hotel occupancy tax which became effective November 2015 and expires June 2027.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by RASA and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

Financial Statement Presentation:

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard was effective for fiscal years beginning after December 15, 2017 and required the use of the retrospective transition method. The organization adopted this standard for the year ended December 31, 2018.

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor-imposed restrictions, as follows:

Net assets without donor restrictions – Net assets that are not subject to donor or grantor-imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Net assets with donor restrictions – Net assets subject to donor or grantor-imposed restrictions that may or will be met by actions of the Organization. There are no donor or grantor restricted net assets at December 31, 2025 and 2024.

Revenue Recognition:

The source of substantially all revenue of RASA is through the collection of hotel occupancy tax by the municipalities of Shreveport and Bossier City. Generally, each municipality remits occupancy tax directly to RASA in the month following collection less a one percent service fee. RASA reports occupancy tax revenues at gross and service fees as an expense in the month collected by each municipality.

Occupancy Tax Receivable:

Occupancy taxes receivable are reported at their realizable value, net of service fees. Occupancy tax remittances are generally due by the end of the month following the month of collection by each municipality. Late fees are not charged. Interest on unpaid balances is not charged and there are no bad debts.

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 those estimates.

Cash and Cash Equivalents:

RASA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments.

Income Taxes:

RASA is exempt from income taxes as an organization described in Section 501(c)(4) of the Internal Revenue Code. RASA has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, there is no provision for income taxes in these financial statements; however, RASA is required to file U.S. Federal Form 990 for informational purposes.

RASA is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, RASA must assess whether it has any tax positions associated with unrelated business income subject to income tax. RASA does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in RASA’s accounting records.

Functional Expenses:

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities and are charged directly to either program services or supporting expenses based on the nature of expense.

3. Major Sources of Revenue

Approximately 88 percent of revenues for the years ended December 31, 2025 and 2024 were provided through the collection of hotel occupancy taxes as follows:

Source	2025	2024
City of Shreveport	$ 431,350	$ 420,840
City of Bossier City	404,713	392,344
	$ 836,063	$ 813,184

4. Concentrations of Credit Risk

RASA maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000. RASA maintains a CDARS account which retains the FDIC coverage for the entirety of the CD's balance. During fiscal year 2025, RASA completed three short term CD's earning the entity approximately $114,000. RASA's uninsured cash balances totaled $-0- and $-0- at December 31, 2025 and 2024, respectively.

5. Liquidity

RASA invests cash in excess of estimated one-year operating requirements in certificates of deposit with short-term maturities. The availability of RASA's financial assets to meet cash needs is as follows:

	2025	2024
Cash and cash equivalents	$ 5,630,669	$ 5,408,078
Occupancy tax receivable	88,201	53,416
Financial assets available within one year to meet cash needs for general expenditures	$ 5,718,870	$ 5,461,494

6. Air Service Contracts

The organization recorded $671,998 of air service support expenses related to air service development support for nonstop commercial jet service between Shreveport Regional Airport (SHV) and Nashville International Airport (BNA). The support relates to an agreement between Allegiant Air, LLC and Ark-La-Tex Regional Air Service Alliance. Under the agreement, Allegiant Air, LLC agreed to provide nonstop jet service between (SHV) and (BNA). The agreement covers two air service periods: May through August 2025 and May through August 2026. During each air service period, Allegiant Air, LLC is required to schedule two weekly round-trip flights between SHV and BNA. The agreement provides for a maximum payout of $521,471 per air service period and $100,000 of regional advertising support.

7. Subsequent Events

The Organization has evaluated subsequent events through June 24, 2026, the date which the financial statements were available to be issued. No reportable items were noted.

SUPPLEMENTARY INFORMATION

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER

PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2025

This schedule is not applicable to the Ark-La-Tex Regional Air Service Alliance as no such payments were made; however, it is included to comply with Louisiana Revised Statute 24:513(A)(3) (ACT 706 of 2014).

OTHER REPORTS

REGIONS TOWER
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To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, 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 Ark-La-Tex Regional Air Service Alliance, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 24, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ark-La-Tex Regional Air Service Alliance'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 the Organization'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ark-La-Tex Regional Air Service Alliance'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 determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 24, 2026

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Ark-La-Tex Regional Air Service Alliance.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Ark-La-Tex Regional Air Service Alliance were disclosed during the audit.
4. Ark-La-Tex Regional Air Service Alliance was not subject to a Federal Single Audit for the year ended December 31, 2025.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

No prior year findings were reported.

Ark-La-Tex Regional Air Service Alliance

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2025

CERTIFIED PUBLIC ACCOUNTANTS

REGIONS TOWER
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The Board of Directors
Ark-La-Tex Regional Air Service Alliance

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025 . Management of Ark-La-Tex Regional Air Service Alliance (RASA) is responsible for those C/C areas identified in the SAUPs.

Ark-La-Tex Regional Air Service Alliance has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

      The entity has an adequate policy regarding budgeting.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

      The entity has an adequate policy regarding purchasing functions described above. Due to nonprofit status, RASA is not required to adhere to public bid laws.

   c) ***Disbursements***, including processing, reviewing, and approving.

      The entity has an adequate policy regarding disbursements.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity has an adequate policy regarding receipts/collections.

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

The entity has no employees.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity has an adequate policy regarding contracting.

g) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity has no credit cards.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity has an adequate policy for travel and expense reimbursements.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable to Ark-La-Tex Regional Air Service Alliance as a non-profit organization.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity has no debt.

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity owns no equipment. Devices subject to Business Continuity plan outlined by Director's organization.

l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Since the entity is a nonprofit, it is not subject to the sexual harassment policy requirement.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board and executive committee met with a quorum on a frequency in accordance with the entity's bylaws.

b) For those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes referenced monthly financial statements that included activity relating to public funds.

c) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable; no audit findings were identified.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

b) Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and

Exception: No evidence of review by a member of management/board member that is independent of cash handling, posting to ledgers, or check issuance. This is due to an independence issue relating to the lack of eligible staff.

Management's Response: Management will review the bank reconciliation's within 1 month of its preparation and establish a policy to prevent the same person from handling cash, posting to the ledger and reviewing reconciliations.

c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

   Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Obtained listing of deposit sites from Management and selected one site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   No exceptions noted – cash drawers not used.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   Exception: The officer responsible for collecting (no cash is received, only checks and electronic deposits) also has the authority to make deposits and reconcile the bank account.

   Management's Response: Management will implement controls to prevent the employee responsible for collecting cash to also prepare and make deposits.

   c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   Exception: The entity responsible for collecting also has the ability for posting entries to the general ledger.

   Management's Response: Management will form a policy/control to prohibit the individual responsible for collections to also post those collections to the general ledger.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is(are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

   Exception: The entity does not have a formal process to reconcile cash collections by an individual not responsible for collections.

   Management's Response: Management will form a process to reconcile cash collections by an applicable person.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

   The entity does not accept payment in cash at any time. Not applicable.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      No exceptions noted – entity does not issue receipts.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

      No exceptions noted – all deposits were electronic; therefore, no deposit slip to review.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      No exceptions noted – all deposits were electronic; therefore, no deposit slip to review.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

      No exceptions noted – all deposits were electronic; therefore, no potential for delay in deposit.

   e) Trace the actual deposit per the bank statement to the general ledger.

      No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   A listing of locations was obtained from management.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      The entity has no employees. However, compensating controls are in place via board members.

b) At least two employees are involved in processing and approving payments to vendors.

The entity has no employees. However, compensating controls are in place via board members.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Exception: The President is responsible for processing payments and also has the ability to modify/add vendor files. Changes to the vendor files are not reviewed.

Management Response: Management will form a policy to allow another staff/board member to periodically review the changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The President signs, mails and processes payments.

Management Response: Management will form a policy preventing one individual from signing, mailing, and processing payments.

e) Only Employees/Officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), Electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:

a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy.

Entity had no electronic transfers. Not applicable.

b) Approved by the required number of authorized signers per the entity's policy.

Entity had no electronic transfers. Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Not applicable since the entity does not have credit cards.

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

Not applicable since the entity does not have employees.

Contracts

12. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

       No contract selected was subject to the Louisiana Public Bid Law.

    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

       All contracts received appropriate approvals.

    c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented); and

       No amendments to contracts noted; therefore, this procedure is not applicable.

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

       No exceptions to procedure noted.

Payroll and Personnel

Not applicable since the entity has no employees.

Ethics

Not applicable since the entity is a nonprofit.

Debt Service

Not applicable since the entity has no debt.

Fraud Notice

13. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    N/A – no misappropriations of public funds identified during the fiscal period.

14. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Exception: The notice is not posted on its premises and website.

    Management Response: Management will post the applicable fraud notice on its premise and website.

Information Technology Disaster Recovery/Business Continuity

15. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the entity's local server or network, and (c) was encrypted.

       We performed the procedure and discussed the results with management.

    b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

       We performed the procedure and discussed the results with management.

    c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

       We performed the procedure and discussed the results with management.

    d. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Procedure #20. Observe evidence that the selected terminated employees have been removed or disabled from the network.

       Not applicable as the entity does not have employees.

e. Using the 5 randomly selected employees from Payroll and Personnel Procedure #18, obtain cyber security training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267 in accordance with the following requirements:

- Hired before June 9, 2020-completed the training.
- Hired on or after June 9, 2020-completed the training within 30 days of initial service or employment.

Not applicable as the entity does not have employees.

Sexual Harassment

Not applicable as the entity does not have employees.

We were engaged by Ark-La-Tex Regional Air Service Alliance to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Ark-La-Tex Regional Air Service Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 24, 2026