



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ARTS COUNCIL OF NEW ORLEANS
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arts Council of New Orleans
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arts Council of New Orleans (a nonprofit organization) (Arts Council), which comprise the statements of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts Council as of December 31, 2024, 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.

Basis for Opinion

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. 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 Arts Council 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 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Arts Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 Arts Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about Arts Council's ability to continue as a going concern for a reasonable period of time.

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

Report on 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 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 13, 2025 on our consideration of the Arts Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Arts Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Arts Council's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Arts Council's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs

New Orleans, Louisiana

June 13, 2025

ARTS COUNCIL OF NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 359,863	\$ 251,257
Restricted Cash	433,472	502,590
Accounts Receivable	573,087	246,792
Investments	7,002,671	5,402,056
Deposits	3,300	1,900
Total Current Assets	<u>8,372,393</u>	<u>6,404,595</u>
Non-Current Assets		
Art Collection	24,125	24,125
Fixed Assets, net	73,942	76,071
Total Non-Current Assets	<u>98,067</u>	<u>100,196</u>
TOTAL ASSETS	<u>\$ 8,470,460</u>	<u>\$ 6,504,791</u>
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 193,708	\$ 75,746
Accrued Expenses	5,144	4,586
Grants Payable	191,601	317,880
Refundable Advances	5,987,142	4,274,802
Total Current Liabilities	<u>6,377,595</u>	<u>4,673,014</u>
TOTAL LIABILITIES	6,377,595	4,673,014
NET ASSETS		
Without Donor Restrictions	1,515,057	1,283,801
With Donor Restrictions	577,808	547,976
TOTAL NET ASSETS	<u>2,092,865</u>	<u>1,831,777</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 8,470,460</u>	<u>\$ 6,504,791</u>

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

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>REVENUE AND OTHER SUPPORT</u>				
Grant Income	\$ 399,994	\$ 710,475	\$ 1,110,469	\$ 782,922
Contributions	-	912,872	912,872	533,040
Contracts	587,974	-	587,974	678,472
Earned Income	217,392	-	217,392	206,985
Investment Income	227,611	79,590	307,201	288,861
Regranting Income	-	559,048	559,048	559,798
Released from Restrictions	2,232,153	(2,232,153)	-	-
Total Revenues and Other Support	3,665,124	29,832	3,694,956	3,050,078
<u>EXPENSES</u>				
Program Services:				
Luna Fete	593,981	-	593,981	478,504
Public Art	1,014,936	-	1,014,936	334,851
Percent For Art	-	-	-	766,801
Regranting Program	613,230	-	613,230	613,697
Youth Artist Movement	653,595	-	653,595	161,792
Arts Market	97,236	-	97,236	98,169
Supporting Services:				
Management and General	159,296	-	159,296	349,861
Fundraising	301,594	-	301,594	83,357
Total Expenses	3,433,868	-	3,433,868	2,887,032
CHANGE IN NET ASSETS	231,256	29,832	261,088	163,046
Net Assets, Beginning of Year	1,283,801	547,976	1,831,777	1,668,731
Net asset adjustment	-	-	-	-
Net Assets, End of Year	\$ 1,515,057	\$ 577,808	\$ 2,092,865	\$ 1,831,777

The accompanying notes are an integral part of these financial statements

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2023

	Program Services					Supporting Services		2024 Total	2023 Total
	Luna Fete	Public Art	Regranting Program	Youth Artist Movement	Arts Market	Management and General	Fundraising		
Salaries and Wages	\$ 75,938	\$ 153,974	\$ 24,438	\$ 176,953	\$ 30,000	\$ 105,000	145,020	\$ 711,323	\$ 595,983
Retirement Contributions	1,656	3,358	533	3,859	654	2,290	3,163	15,513	9,207
Other Employee Benefits	12,068	24,460	3,869	28,086	4,786	16,667	22,961	112,897	80,348
Payroll Taxes	6,039	12,039	1,879	14,356	2,352	8,317	11,721	56,703	48,254
Professional Fees	5,471	11,094	1,783	12,775	2,162	7,565	10,448	51,298	60,553
Office Expense	24,779	19,505	-	19,126	4,499	715	5,798	74,422	53,226
Information Technology	3,046	6,436	8,168	13,366	1,838	4,073	10,757	47,684	54,663
Contracted Services	15,310	76,318	4,700	157,873	7,084	-	33,999	295,284	175,328
Artist Fees and Services	141,989	627,221	-	149,514	7,370	-	-	926,094	780,615
Occupancy	22,577	19,327	1,653	22,133	20,346	6,704	13,144	105,884	105,184
Travel	5,215	1,548	542	17,973	66	208	1,246	26,798	29,010
Catering and Food	45,183	2,839	113	14,371	1,601	321	5,672	70,100	212,795
Conventions, Conferences and Meetings	-	-	675	-	-	-	1,614	2,289	-
Events and Rental Expense	184,965	32,316	-	12,553	2,700	-	137	232,671	-
Marketing and Communications	26,874	7,052	-	-	5,750	-	10,049	49,725	25,933
Insurance	10,598	3,256	517	3,742	634	2,220	3,066	24,033	17,234
Depreciation	2,935	5,952	945	6,840	1,160	4,059	5,604	27,495	27,094
Bad Debt Expense	-	-	-	-	-	-	6,105	6,105	17,821
Other Expenses	9,338	8,241	-	75	4,234	1,157	11,090	34,135	34,736
Regranting Expense	-	-	563,415	-	-	-	-	563,415	559,048
Total Expenses	\$ 593,981	\$ 1,014,936	\$ 613,230	\$ 653,595	\$ 97,236	\$ 159,296	\$ 301,594	\$ 3,433,868	\$ 2,887,032

The accompanying notes are an integral part to these financial statements.

**ARTS COUNCIL OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 261,088	\$ 163,046
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	27,495	27,094
(Increase)/Decrease in operating assets:		
Accounts Receivable	(326,295)	151,816
Grants Receivable	-	183,162
Prepaid Expense	(1,400)	-
Art Collection	-	2,950
Increase/(Decrease) in operating liabilities:		
Accounts Payable	117,962	(139,030)
Grants Payable	(126,279)	(67,491)
Accrued Expenses	558	1,083
Refundable Advances	1,712,340	(595,587)
Net Cash Provided by Operating Activities	<u>1,665,469</u>	<u>(272,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,600,615)	(1,288,864)
Purchases of Fixed Assets	(25,366)	-
Net Cash Used by Investing Activities	<u>(1,625,981)</u>	<u>(1,288,864)</u>
NET CHANGE IN CASH AND EQUIVALENTS AND RESTRICTED CASH	39,488	(1,561,821)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF PERIOD	<u>753,847</u>	<u>2,315,668</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF PERIOD	<u><u>\$ 793,335</u></u>	<u><u>\$ 753,847</u></u>

The accompanying notes are an integral part to these financial statements.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 – ORGANIZATION AND BACKGROUND

The Arts Council of New Orleans, d/b/a Arts New Orleans (Arts Council), a Louisiana non-profit corporation, is the City of New Orleans officially designated arts agency. Arts Council was formed in 1975 as a result of a merger of the Arts Council of Greater New Orleans and the Mayor's Committee for Arts and Cultural Development. Arts Council's efforts are directed toward enhancing the cultural and artistic environment in the New Orleans metropolitan area.

Now in its fourth decade, Arts Council improves the quality of life in New Orleans by supporting, activating, and investing in our city's greatest natural resource: our artists, cultural producers, and creative community. Arts Council advocates for the arts economy and supports a more equitable, joyful, and resilient city through its programs and services.

Building on the community's abundant cultural wealth and creativity, Arts Council envisions a New Orleans in which arts and culture play a pivotal role in all areas of policy, planning, and placemaking. They believe art and artists should be central to all community and economic development efforts – from public health to public safety, education to infrastructure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of Arts Council are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Reporting

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-3, Financial Statements of Not-for-Profit Organizations. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Arts Council and changes therein are classified as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Arts Council. These net assets may be used at the discretion of Arts Council's management and the board of directors. The revenues received in conducting the mission of Arts Council are included in this category.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Arts Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are recognized as revenues with donor restrictions and reported as releases from restrictions when a stipulated time restriction ends, or purpose restriction is accomplished.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the year ended December 31, 2024 and 2023, there were no non-financial assets donated.

Earned Income

Arts Council receives concession and ticket sales during its special events. Also, Arts Council rents space for its monthly arts markets. These amounts are recognized into revenue on the date of the events, which is when the relevant performance obligations are fulfilled. Arts Council has applied the adopted revenue recognition standard, ASU Topic 606, *Revenue from Contracts with Customers*, to the earned income revenue.

Contracted Services

Arts Council provides public art services through contracts with municipalities, nonprofit organizations, and private companies. Because the primary beneficiary of the contracts are the general public and various artists, the contracted services are accounted for as non-exchange transactions. Advanced receipts of funds with contractual stipulations are treated as conditional contributions until the contracted services have been performed. The timing of revenue recognition, billings, and collections results in billed contract related service receivables which are included in accounts receivable on the statements of financial position.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year ended December 31, 2024 and 2023, revenue derived from contracted services included in contracts on the statement of activities are as follows:

	<u>2024</u>	<u>2023</u>
Contracted Services	<u>\$ 587,974</u>	<u>\$ 678,472</u>

Board Designated Net Assets

Arts Council's governing board has designated \$255,851 and \$228,591 from net assets without donor restrictions to serve as an emergency reserve as of December 31, 2024 and 2023, respectively.

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Arts Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements.

Restricted Cash

The City of New Orleans made it a requirement that the Arts Council hold cash restricted for the Community Arts Grants and the Percent of Art program (Note 11) in a designated bank account. At December 31, 2024 and 2023, Arts Council held \$433,472 and \$502,590 in separate bank accounts in connection with this agreement.

Accounts and Grants Receivable and Allowance for Doubtful Accounts

Grants and accounts receivable consist of amounts due to Arts Council for services provided through December 31st that have not yet been collected. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Arts Council records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2024 and 2023, management has determined that all amounts were collectible, and no allowance was necessary.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Arts Council records unconditional promises to give as pledges receivable on the statements of financial position. Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are to be received. At December 31, 2024 and 2023 there were no outstanding pledges receivable.

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

Investments other than mutual funds are valued at the fair value of the trust investments as reported to Arts Council by the trustees and include the use of Net Asset Values (NAV) as the primary input to measure fair value.

Contributed Artwork

Arts Council has paintings and sculptures in its possession. This artwork is recorded at its appraised value at the time of donation. The carrying value of the artwork at December 31, 2024 as well as 2023 was \$24,125.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Arts Council follows the practice of capitalizing, at cost, all expenditures for assets with an economic life greater than one year in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Furniture and equipment - 5 Years

Leasehold improvements - 5 Years

Impairment of Long-lived assets

Arts Council reviews long-lived assets, consisting of property and equipment and contributed artwork, and cost in excess of net assets acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. Arts Council determines the recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded for the years ended December 31, 2024 or 2023.

Advertising

Arts Council expenses marketing and communications expense as incurred. Marketing and communications expense were \$49,725 and \$25,933 for the years ended December 31, 2024 and 2023, respectively and are recorded as marketing and communications expense in the statements of functional expenses.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses that are identified with a specific program or support service are charged directly according to the natural classification. Other shared costs have been allocated among the various program and supporting services based on usage or other estimates made by management.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Arts Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to Arts Council's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Arts Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Arts Council's evaluation as of December 31, 2024 and 2023 revealed no tax positions that would have a material impact on the financial statements. Arts Council does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Leases

The Organization determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Organization establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in Operating Lease ROU Asset and Operating Lease Liability on the accompanying balance sheet. Finance leases, if any, are included in Finance Lease ROU Asset and Finance Lease Liability.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Organization is reasonably certain to exercise, as well as any period that the Organization has control over the asset before the stated initial term of the agreement. If the Organization determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Organization lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organizations use the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

The Organization does not recognize ROU assets and lease liabilities for leases with a term of twelve (12) months or less. The Organization also does not recognize ROU assets and lease liabilities for leases with immaterial cumulative lease payments over the course of the lease term.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 - LIQUIDITY AND AVAILIBLTY OF FINANCIAL ASSETS

The following reflects Arts Council's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet 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.

Detailed Listing:

	<u>2024</u>
Cash and Cash Equivalents	\$ 359,863
Accounts Receivable	573,087
Investments	<u>7,002,671</u>
Subtotal	\$ 7,935,621
Net Assets With Donor Restrictions	(577,808)
	<u><u>\$ 7,357,813</u></u>

Summarized Comparative Footnote Table:

	<u>2024</u>	<u>2023</u>
Financial Assets	\$ 7,935,621	\$ 6,404,595
Less those unavailable for general expenditures within one year due to:		
Net Assets with Donor Restrictions	<u>(577,808)</u>	<u>(547,976)</u>
Board Designated Reserve	<u>(255,851)</u>	<u>(228,591)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 7,101,962</u></u>	<u><u>\$ 5,628,028</u></u>

As part of Arts Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Arts Council invests cash in excess of daily requirements in certificates of deposit or an investment fund with a community foundation. Although Arts Council does not intend to spend from its certificates of deposit or investment fund other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from those sources could be made available if necessary.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 4 – INVESTMENTS

Arts Council maintains an unrestricted fund at the Greater New Orleans Foundation (GNOF). This fund is in an investment pool managed by GNOF and consists of equity, fixed income, money market funds and other investments determined by GNOF. The balance of the fund as of December 31, 2024 and 2023 was \$255,851 and \$228,591, respectively, classified as Level 2 in the fair value hierarchy. Arts Council has also invested in fixed income securities. The balance of the fixed securities as of December 31, 2024 and 2023 was \$6,746,820 and \$5,173,465, respectively, classified as Level 1 in the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, Arts Council's assets at fair value as of December 31, 2024 and 2023, respectively:

<u>2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Fixed Income - Government Bonds	\$ 6,746,820	\$ -	\$ -	\$ 6,746,820
GNOF Investment Pool	-	255,851	-	255,851
Total Investments	<u>\$ 6,746,820</u>	<u>\$ 255,851</u>	<u>\$ -</u>	<u>\$ 7,002,671</u>
 <u>2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Fixed Income - Government Bonds	\$ 5,173,465	\$ -	\$ -	\$ 5,173,465
GNOF Investment Pool	-	228,591	-	228,591
Total Investments	<u>\$ 5,173,465</u>	<u>\$ 228,591</u>	<u>\$ -</u>	<u>\$ 5,402,056</u>

Investment earnings and Interest income received from these funds totaled \$249,918 for the year ended December 31, 2024 and \$233,931 for the year ended December 31, 2023 and are included in investment income on the statements of activities.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5- FIXED ASSETS

Fixed Assets are recorded at cost and are summarized as follows by major classification:

	<u>2024</u>		<u>2023</u>
Equipment, Furniture and Fixtures	180,864	\$	155,498
Less: Accumulated Depreciation	<u>(106,922)</u>		<u>(79,427)</u>
Net Fixed Assets	<u>\$ 73,942</u>	\$	<u>76,071</u>

Depreciation expenses were \$27,495 and \$27,094 during the years ended December 31, 2024 and 2023, respectively.

NOTE 6- GRANTS PAYABLE

Grants payable represent amounts owed to recipients of arts grants awarded by Arts Council but not yet paid. Final payments are made upon receipt of final reports from the recipients. Grants payable totaled \$191,601 and \$317,880 for the years ended December 31, 2024 and 2023, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2024 and 2023:

	<u>2024</u>		<u>2023</u>
Purpose Restrictions:			
Airport Project	\$ 100,000	\$	100,000
Apple Corporation	201,076		109,975
Housing Authority of New Orleans	7,500		-
NEA New Media Salon	15,657		-
Feathers of Hope	12,500		-
Unframed Superbowl	138,050		-
Lafitte Greenway	2,025		-
Convention Center	41,000		67,500
New Orleans East Project	60,000		-
Percent Interest Earned	-		188,618
Young Artist Movement Project	<u>-</u>		<u>81,883</u>
	<u>\$ 577,808</u>	\$	<u>547,976</u>

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS CONTINUED

Net assets are released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes. Net assets were released from the following restrictions during the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Released from Restrictions:		
Apple	\$ 505,245	\$ 247,114
Carrollton Courthouse	-	38,500
Convention Center	51,500	25,321
Feathers of Hope	107,500	-
Kellog Mural	1,625	-
Lafitte Greenway	9,225	-
LUNA Fete	513,657	399,167
Murals	-	7,965
NEA New Media Salon	7,342	-
NEA Our Town - OC Haley	22,972	-
New Orleans East Project	-	25,718
Percent Interest Earned	273,207	-
Regrant Programs	559,048	559,798
Sierra Club	-	19,092
Unframed	3,950	89,000
Young Artist Movement Project	176,882	33,556
	<u>\$ 2,232,153</u>	<u>\$ 1,445,231</u>

NOTE 8 – EMPLOYEE BENEFIT PLAN

Arts Council has a 403(b)-thrift plan that covers all employees. Participants can contribute a percentage of their compensation to the Plan and receive a 50% matching employer contribution up to 4% of their deferral. Employees are immediately fully vested in both employee and employer contributions. Arts Council's retirement contributions for the years ended December 31, 2024 and 2023 were \$15,514 and \$9,207, respectively. The expense for these contributions is included in retirement contributions on the statements of functional expenses.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 – CONCENTRATIONS

Arts Council maintains its cash and cash equivalent balances in local financial institutions, which may, at times, exceed amounts covered by Federal Deposit Insurance Corporation (FDIC) insurance of up to \$250,000 per financial institution. Arts Council's cash balance did not exceed the FDIC insurance limit for the year ended December 31, 2024 but exceeded the limit by \$69,350 for the year ended December 31, 2023. Arts Council has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

NOTE 10 – COMMITMENTS

Operating Leases

Arts Council leases office premises with base monthly payments of \$1,400, plus a varying usage fee on a lease expiring in December 2023. The rental expense under this lease totaled \$35,922 for the year ended December 31, 2024 and \$39,420 for the year ended December 31, 2023, and is included in occupancy expense on the statements of functional expenses. Upon the expiration date of the lease, Arts Council will be paying on a month-to-month basis.

Arts Council also rents equipment and space for its programming events on a short-term basis. The event and equipment rental expenses incurred for short-term rentals totaled \$39,997 and \$58,404 for the years ended December 31, 2024 and 2023, respectively, and is included in events and rental expense on the statements of functional expenses.

Arts Council entered into a month-to-month rental agreement beginning in September 2022 for five storage units with a base monthly payment of \$1,926, plus insurance fees. The total rental expense under this lease for the years ended December 31, 2024 and 2023 was \$26,846 and \$23,179, respectively, and is included in occupancy expense on the statements of functional expenses.

Since Arts Council is paying rent on a month-to-month basis, future minimum lease payments as of December 31, 2024 would include just one month of rent. Thus, no additional schedule is provided. Per Arts Council's lease policy, and in accordance with FASB Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), Arts Council does not recognize right-of-use assets and lease liabilities for leases with a term of twelve (12) months or less. Arts Council also does not recognize right-of-use assets and lease liabilities for leases with immaterial cumulative lease payments over the course of the lease term.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 11 – CONTRACTS WITH CITY OF NEW ORLEANS

Since 1986, Arts Council has entered into annual agreements with the City of New Orleans (the City) relating to the establishment of the Percent for Art Program under which one percent of the cost of eligible city capital projects is used to fund certain works of art. Arts Council’s ongoing tasks include developing an Annual Art Plan to carry out the implementation of selected art projects, and short-term and long-term coordination and planning for the program.

Arts Council records grant funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source. Arts Council incurred expenditures of \$212,500 in 2024 and 2023 for administrative duties performed to accomplish the agreed upon tasks. Refundable advances totaled \$5,987,142 in 2024 and \$4,274,802 in 2023, all of which were related to the Percent for Art Program.

The Cooperative Endeavor Agreement (CEA) between the City of New Orleans and the Arts Council of New Orleans will provide up to \$7,500,000 of funding in order to conduct the purpose of the CEA. The full maximum amount authorized by the agreement will not be made available to Arts Council at once. Instead, only the appropriate portion (1.5%) of the applicable bond funds received by the City shall be made available. The purpose of the agreement is to promote public art in public spaces in the City of New Orleans. Arts Council must submit invoices monthly to the City electronically, for goods or services provided under the CEA. As noted above, any funding received in advance of incurring eligible expenses are recorded as refundable advances.

NOTE 12 – ENDOWMENT FUNDS

Annually, Arts Council receives distributions from several endowment funds established at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by GNOF. The funds were donated to GNOF for the benefit of Arts Council. GNOF utilizes an endowed spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on Arts Council’s financial statements.

The balances of these funds are as follows:

Fund	Initial Donation	Net Appreciation	Balance at December 31, 2024	Balance at December 31, 2023
Koch	210,000	195,315	405,315	378,631
Billion	50,000	76,522	126,522	118,193
Stern	25,000	77,126	102,126	95,403

Distributions received from these funds totaled \$23,159 for the year ended December 31, 2024 and \$22,770 for the year ended December 31, 2023 and are included in contributions on the statements of activities.

**ARTS COUNCIL OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of June 13, 2025, which is the date of these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments required to these financial statements.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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*

To the Board of Directors of
Arts Council of New Orleans

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 Arts Council of New Orleans (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arts Council of New Orleans internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arts Council of New Orleans internal control. Accordingly, we do not express an opinion on the effectiveness of Arts Council of New Orleans 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Luther Speight & Co. CPAs

Luther Speight & Company CPAs

New Orleans, Louisiana

June 13, 2025

**ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I - SUMMARY OF AUDITOR'S REPORTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Arts Council of New Orleans.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' 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*.
4. A separate management letter was not issued for the year ended December 31, 2024.

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no findings during the year ended December 31, 2024.

**ARTS COUNCIL OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings noted in the prior year audit.

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

**Total compensation, benefits,
and other payments**

\$ 0

There was no compensation, benefits or payments to the agency head that were derived from public funds, including state, local and federal pass-through.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ARTS COUNCIL OF NEW ORLEANS
AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Arts Council of New Orleans
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Arts Council of New Orleans' management is responsible for those C/C areas identified in the SAUPs.

Arts Council of New Orleans 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, 2024 through December 31, 2024. 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 that 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

Results: *The policies and procedures appropriately address the required elements above.*

New Orleans Office: 1100 Poydras Street, Suite 1225 / New Orleans, LA 70163 / (504)561-8600
Memphis Office: 1661 International Drive, Suite 441 / Memphis, TN 38120 / (901)202-4688
Atlanta Office: 1201 Peachtree St. NE, Suite 200 / Atlanta, GA 30328 / (678)971-3700

- 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.

Results: *Per review of the Financial Management Manual PBC document, we noted information pertaining to how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process of purchase requisitions and purchase orders. However, the manual is missing information pertaining to controls that ensure compliance with the public bid law and required documentation.*

Management's Response: *We are a private, nonprofit organization with 501(c)(3) status and do not have to comply with bids as do governmental agencies.*

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

Results: *The policies and procedures appropriately address the required elements above.*

- 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).

Results: *The policies and procedures appropriately address the required elements above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: *The policies and procedures appropriately address the required elements above.*

- 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

Results: *We observed that the Financial Management Manual PBC document did not include information pertaining to contracting, including the types of services requiring written contracts, standard terms and conditions, legal review, the approval process, or the monitoring process.*

Management's Response: *Most contracts are with local artists to create artwork. We use a set of standard contracts developed by Americans for the Arts and other lawyers. Staff develops contracts which are reviewed by the CEO before execution.*

- g) **Credit Cards (and debit cards, fuel cards, P-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)

Results: *The policies and procedures appropriately address the required elements above.*

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

Results: *Information regarding dollar thresholds by category of expense was not mentioned in the Operational Policies Manual dated 5.21.23 or the updated Manual with a subsequent date of 3.6.24.*

Management's Response: *Travel expenses are minimal for our organization and all long-distance travel expenses must be directly approved by the President and CEO on a case-by-case basis. We direct staff to refer to federal mileage reimbursement and per diem rates for mileage and meal expenses related to travel.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable, as the Entity is a nonprofit.*

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

Results: *Not applicable, as the Entity is a nonprofit.*

- k) **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.

Results: *Information regarding disaster recovery and business continuity was not mentioned in the Financial Management Manual PBC document.*

Management's Response: *Our organization operates almost entirely remotely. When a disaster happens, we continue to work after we are settled in other communities in much the same way we do on a day-to-day basis.*

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

Results: *Not applicable, as the Entity is a nonprofit.*

Board or Finance Committee

- 2. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Bank Reconciliations

- 3.** Obtain a listing of client 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 selected each account, and observe that:

Results: *We obtained the listing of bank accounts and management's representation that the listing was complete. We selected the month of December 2024 for the testing below.*

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

Results: *Per review of the 7 bank reconciliations and bank statements, we noted that all 7 had evidence of being reconciled. In addition, those 7 accounts were reconciled within 2 months of year-end.*

- b)** Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: *We noted that there were no initials, nor was there any evidence they were being reviewed by management.*

Management's Response: *After Covid, the organization went completely paperless. Bank reconciliations are prepared through Quickbooks and stored there. All transactions are*

reported to the executive director, executive committee, and finance committee in our monthly financial report. The reports are emailed to all members of the committees and discussed at the monthly meetings. We do not have a process to physically initial these reports because committee meetings are done via zoom and reports are shared via email. Email serves as evidence that the report was received. Review of the monthly finance package is noted in the finance committee and executive committee meeting minutes.

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

Results: *We noted no reconciling items that had been outstanding for more than 12 months. No exceptions noted.*

- d) Review completed within 1 month of the date the reconciliation was prepared.

Results: *We were unable to determine if the review was completed within 1 month of the date the reconciliation was prepared.*

Management's Response: *After Covid, the organization went completely paperless. Bank reconciliations are prepared through Quickbooks and stored there. All transactions are reported to the executive director, executive committee, and finance committee in our monthly financial report. The reports are emailed to all members of the committees and discussed at the monthly meetings. We do not have a process to physically initial these reports because committee meetings are done via zoom and reports are shared via email. Email serves as evidence that the report was received. Review of the monthly finance package is noted in the finance committee and executive committee meeting minutes.*

Collections

4. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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

5. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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

6. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: *We obtained a listing of all active cards, which consisted of only credit cards, and management's representation that the listing is complete.*

7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: *We noted that the credit card statements did not show evidence that they were reviewed and approved by someone other than the authorized card holder.*

Management's Response: *Staff members must submit receipts for credit card purchases to our accountant about what program that expense should be charged to. The Executive Director can access and review all credit card statements for all employees that have an Arts Council of New Orleans credit card.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *We noted that no finance charges or late fees were assessed in the month that we tested. No exceptions noted.*

8. Using the monthly statements or combined statements selected under #4 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: *We noted no exceptions for the transactions we were able to test. There were three transactions that we were unable to test because we did not receive receipts for them.*

Management's Response: *The three small amazon charges (5.99, 5.99, and 8.75) were accidental personal charges made by a staff member and subsequently deducted from her paycheck.*

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

9. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: *We noted the Entity used the mileage rates established by the State of Louisiana. No exceptions noted.*

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: *We observed itemized receipts detailing each transaction. No exceptions noted.*

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: *We noted sufficient documentation of business purpose for each reimbursement. No exceptions noted.*

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *We noted proper approval for each reimbursement. No exceptions noted.*

Contracts

- 10. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Payroll and Personnel

- 11.** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *We obtained a listing of employees and agreed their paid salaries to personnel files. No exceptions noted.*

- 12.** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #08 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *Arts Council did not maintain timesheets. Employees are salaried at fixed rates and have clear roles but are not held to one project/task unless the individual is contracted. Employees are given unlimited PTO but must get approval from their supervisor before using it at any time. There are no compensated absences.*

- 13.** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the

pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: *No former employee received a termination payment during the fiscal year. Each former employee received their last paycheck for hours worked.*

14. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: *The Entity confirmed that employer and employee portions of third-party payroll have been paid, and any associated forms have been filed, by required deadlines.*

Ethics

15. **Results:** *Section is not applicable, as the Entity is a non-profit.*

Debt Service

16. **Results:** *Section is not applicable, as the Entity is a non-profit.*

Fraud Notice

17. 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.

Results: *There were no misappropriations during the fiscal year.*

18. 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.

Results: *Notice is posted on the Entity's website. No exceptions noted.*

Information Technology Disaster Recovery/Business Continuity

19. Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Sexual Harassment

20. Results: *Section is not applicable, as the Entity is a non-profit.*

We were engaged by Arts Council of New Orleans 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 Arts Council of New Orleans 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.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
June 13, 2025