

ACADIANA CENTER FOR THE ARTS, INC.

Financial Report

Year Ended June 30, 2024

TABLE OF CONTENTS

| | |
|---|-------|
| Independent Auditor's Report | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-17 |
| INTERNAL CONTROL AND COMPLIANCE | 18 |
| Independent Auditor's report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 19-20 |
| Schedule of Findings and Questioned Costs | 21 |
| Summary Schedule of Prior Year Findings | 22 |
| Management's Corrective Action Plan for Current Year Findings | 23 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Acadiana Center for the Arts, Inc.
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of Acadiana Center for the Arts, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities 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 Acadiana Center for the Arts, Inc. as of June 30, 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 Acadiana Center for the Arts, Inc. 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 Acadiana Center for the Arts, Inc.'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 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, 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 Acadiana Center for the Arts, Inc.'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 Acadiana Center for the Arts, Inc.'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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024, on our consideration of Acadiana Center for the Arts, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Acadiana Center for the Arts, Inc.'s internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 17, 2024

ACADIANA CENTER FOR THE ARTS, INC.
Statement of Financial Position
June 30, 2024

ASSETS

| | |
|---|---------------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 703,352 |
| Accounts receivable, net | 105,697 |
| Grants receivable | 75,308 |
| Prepaid expenses | <u>39,659</u> |
| Total current assets | <u>924,016</u> |
| PROPERTY AND EQUIPMENT | |
| Art work | 78,000 |
| Buildings | 667,725 |
| Furniture and equipment | <u>324,655</u> |
| | 1,070,380 |
| Less: accumulated depreciation | <u>(104,552)</u> |
| Net property and equipment | <u>965,828</u> |
| OTHER ASSETS | |
| Investments, without donor restrictions | 98,220 |
| Investments, with donor restrictions | <u>750,000</u> |
| Total other assets | <u>848,220</u> |
| TOTAL ASSETS | <u>\$ 2,738,064</u> |

LIABILITIES AND NET ASSETS

| | |
|---|---------------------|
| CURRENT LIABILITIES | |
| Current maturities of long-term debt | \$ 17,318 |
| Accounts payable | 47,917 |
| Accrued payroll liabilities | 42,119 |
| Accrued expenses | 1,957 |
| Deferred revenue | <u>152,983</u> |
| Total current liabilities | <u>262,294</u> |
| NON-CURRENT LIABILITIES | |
| Long-term debt, net of current maturities | <u>541,891</u> |
| Total liabilities | <u>804,185</u> |
| NET ASSETS | |
| Without donor restrictions | 597,971 |
| With donor restrictions | <u>1,335,908</u> |
| Total net assets | <u>1,933,879</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,738,064</u> |

The accompanying notes are an integral part of this statement.

ACADIANA CENTER FOR THE ARTS, INC.
Statement of Activities
Year Ended June 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenue: | | | |
| Grants: | | | |
| Direct public grants | \$ 39,000 | \$ - | \$ 39,000 |
| Government grants | <u>282,012</u> | <u>-</u> | <u>282,012</u> |
| Total grants | 321,012 | - | 321,012 |
| Contributions and support: | | | |
| Direct public support | 162,015 | 803,120 | 965,135 |
| Direct sponsorship support | 266,400 | - | 266,400 |
| Donated goods and services | 257,628 | - | 257,628 |
| Government contracts | 1,002,807 | - | 1,002,807 |
| Program income | 313,673 | - | 313,673 |
| Rental income | 158,293 | - | 158,293 |
| Special events | 484,619 | - | 484,619 |
| Concession sales | 127,078 | - | 127,078 |
| Pass-through income | 479,205 | 1,492 | 480,697 |
| Other and miscellaneous | 31,994 | - | 31,994 |
| Net investment income | <u>61,032</u> | <u>-</u> | <u>61,032</u> |
| Total contributions and revenue | <u>3,344,744</u> | <u>804,612</u> | <u>4,149,356</u> |
| Total revenue | 3,665,756 | 804,612 | 4,470,368 |
| Net assets released from donor restrictions | <u>263,914</u> | <u>(263,914)</u> | <u>-</u> |
| Total revenue and net assets released from donor restrictions | 3,929,670 | 540,698 | 4,470,368 |
| Expenses: | | | |
| Program services | 2,656,606 | - | 2,656,606 |
| Administrative | <u>1,034,925</u> | <u>-</u> | <u>1,034,925</u> |
| Total expenses | <u>3,691,531</u> | <u>-</u> | <u>3,691,531</u> |
| INCREASE IN NET ASSETS | 238,139 | 540,698 | 778,837 |
| NET ASSETS, beginning | <u>359,832</u> | <u>795,210</u> | <u>1,155,042</u> |
| NET ASSETS, ending | <u>\$ 597,971</u> | <u>\$ 1,335,908</u> | <u>\$ 1,933,879</u> |

The accompanying notes are an integral part of this statement.

ACADIANA CENTER FOR THE ARTS, INC.
Statement of Functional Expenses
Year Ended June 30, 2024

PROGRAM SERVICES

| | Fundraising | Rentals | Community Development | Education | Exhibits | Programming | General and Admin | Total |
|--------------------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| Advertising | \$ 20,027 | \$ - | \$ 676 | \$ 942 | \$ 522 | \$ 8,393 | \$ 351 | \$ 30,911 |
| Artist fees | 33,494 | 7,000 | 975 | 529,437 | 1,300 | 143,600 | - | 715,806 |
| Depreciation expense | - | 299 | 314 | 239 | 217 | 15,681 | 12,609 | 29,359 |
| Dues and subscriptions | 20 | 10 | - | 394 | - | 1,189 | 9,018 | 10,631 |
| Donated goods and services | 47,040 | 2,375 | 257 | 9,954 | 3,548 | 26,456 | 167,998 | 257,628 |
| Facilities and equipment | 30,522 | 13,153 | 150 | 30,387 | 4,501 | 21,818 | 157,091 | 257,622 |
| Food and beverages | 30,258 | 34 | 396 | 5,480 | 192 | 7,260 | 29,360 | 72,980 |
| Grant programs | - | - | 197,492 | 8,091 | - | - | - | 205,583 |
| Insurance | - | - | - | - | 3,359 | 1,195 | 18,053 | 22,607 |
| Interest expense | - | - | - | - | - | 17,051 | - | 17,051 |
| Licenses, fees and penalties | 9,165 | 359 | 26 | 6,839 | 131 | 3,475 | 15,227 | 35,222 |
| Pass-through sales and payments | - | 188,558 | - | 46,495 | 4,368 | 41,834 | - | 281,255 |
| Postage | 4,939 | - | 66 | 344 | 1,359 | 688 | 714 | 8,110 |
| Printing | 22,086 | 178 | 849 | 6,445 | 5,846 | 15,134 | 1,496 | 52,034 |
| Professional and contract services | 59,536 | 31,748 | 12,244 | 33,902 | 1,876 | 72,755 | 46,915 | 258,976 |
| Salaries, benefits and payroll taxes | 90,873 | 46,815 | 117,382 | 169,023 | 75,825 | 272,595 | 484,815 | 1,257,328 |
| Staff development | - | - | - | - | - | 45 | 60 | 105 |
| Supplies | 23,619 | 334 | 591 | 25,832 | 1,929 | 4,649 | 13,954 | 70,908 |
| Telephone | - | - | - | - | - | 20 | 20,235 | 20,255 |
| Travel and meetings | 2,085 | 345 | 2,489 | 13,950 | 1,246 | 9,563 | 2,405 | 32,083 |
| Utilities | - | - | - | - | - | 453 | 54,624 | 55,077 |
| | <u>\$ 373,664</u> | <u>\$ 291,208</u> | <u>\$ 333,907</u> | <u>\$ 887,754</u> | <u>\$ 106,219</u> | <u>\$ 663,854</u> | <u>\$ 1,034,925</u> | <u>\$ 3,691,531</u> |

The accompanying notes are an integral part of this statement.

ACADIANA CENTER FOR THE ARTS, INC.
Statement of Cash Flows
Year Ended June 30, 2024

| | |
|--|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 778,837 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation expense | 29,359 |
| Investment activities | (58,801) |
| (Increase) decrease in: | |
| Accounts receivable | (75,213) |
| Grants receivable | (22,764) |
| Prepaid expenses | 12,933 |
| Increase (decrease) in: | |
| Accounts payable | 16,072 |
| Accrued payroll liabilities | 4,573 |
| Accrued expenses | 954 |
| Deferred revenue | <u>6,119</u> |
| Net cash provided by operating activities | <u>692,069</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of fixed assets | <u>(249,161)</u> |
| Net cash used by investing activities | <u>(249,161)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Principal payments on long-term debt | <u>(16,808)</u> |
| Net cash used by financing activities | <u>(16,808)</u> |
| Net increase in cash | <u>426,100</u> |
| CASH, beginning of year | <u>277,252</u> |
| CASH, end of year | <u>\$ 703,352</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | |
| Interest paid | <u>\$ 17,793</u> |

The accompanying notes are an integral part of this statement.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Acadiana Center for the Arts, Inc. (the Organization) is a non-profit corporation that serves an eight-parish region of Southwestern Louisiana, known collectively as Acadiana. The Organization serves a pivotal role in promoting the arts of the eight-parish service area, enhancing the organizational development of the various cultural organizations, and creating new programs, projects, and opportunities for the arts to develop in southwest Louisiana. Serving as cultural environmentalists, the Organization seeks to foster and nurture an atmosphere where the arts and artists can flourish locally.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations or grantor-imposed restrictions.

Net assets with donor restrictions – Net assets with donor restrictions or resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions is reclassified to net assets without donor restrictions and reported in the Statement of Activities as “Net Assets Released from Restrictions.” Restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization recognizes revenue when services are performed. Prior to the service date, all collections are recorded as deferred revenue on the statement of financial position. After the concert is performed or once the grant stipulations are fulfilled, the Organization realizes and records the revenue. In the event any of the productions are not presented, the advance ticket collections for that concert will be available for refund to the ticket holders. At June 30, 2024, the Organization had deferred revenue of \$152,983.

Donated Assets and Services

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, and 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. For the year ended June 30, 2024, \$162,000 of donated facilities rent and \$95,628 of professional service costs are reflected in the statement of functional expenses and the statement of activities.

No amounts have been reflected on the statements for volunteer services because no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising activities.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. It is also exempt from Louisiana income tax. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal year under audit.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude permanently restricted cash and cash equivalents.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable is primarily made up of government grants. The financial statements for the Organization do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as bad debt at that time.

Investments

The Organization has adopted FASB ASC Subtopic 958-320, "Not-for-Profit Entities-Investments-Debt and Equity Securities." Under FASB ASC Subtopic 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Values of Financial Instruments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Organization's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds and common stock are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost for assets purchased and at fair value at the date of donation for contributed assets. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as unrestricted unless the donor has restricted the donated assets for a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years. All acquisitions of property and equipment in excess of \$1,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$30,911 for the year ended June 30, 2024. The Organization also received an additional \$18,573 of donated advertising services which are shown as donated goods and services on the statement of functional expenses.

Compensated Absences

The obligation of accumulated paid time off is recorded in the Statement of Financial Position and Statement of Activities. Employees of the Organization are entitled to paid time off, depending on job classification, length of service, and other factors. The annual leave varies from 144 to 224 hours per fiscal year, based on the employee's length of service. Upon separation, employees are paid for any unused paid time off at the employee's current rate of pay. Compensated absences payable was \$39,101 for the year ended June 30, 2024, and is included in accrued payroll liabilities on the Statement of Financial Position.

Functional Allocation of Expenses

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

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of FASB ASU 2016-13

Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Company's combined financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

Management has evaluated subsequent events through September 17, 2024, the date the financial statements were available to be issued.

NOTE 2 RECEIVABLES

As of June 30, 2024, grants receivable consisted of the following:

| | |
|---|------------------|
| Atchafalaya National Heritage Area | \$ 10,000 |
| Lafayette Consolidated Government | 9,883 |
| Louisiana Department of Culture, Recreation and Tourism | 11,625 |
| Louisiana Department of Economic Development | <u>43,800</u> |
| | <u>\$ 75,308</u> |

NOTE 3 PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is as follows:

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|-----------------------------|----------------------------|-------------------|----------------|-----------------------------|
| Artwork | \$ 78,000 | \$ - | \$ - | \$ 78,000 |
| Buildings | 667,725 | - | - | 667,725 |
| Furniture and equipment | <u>77,895</u> | <u>249,161</u> | <u>(2,401)</u> | <u>324,655</u> |
| Total | <u>823,620</u> | <u>249,161</u> | <u>(2,401)</u> | <u>1,070,380</u> |
| Accumulated depreciation | <u>(77,594)</u> | <u>(29,359)</u> | <u>2,401</u> | <u>(104,552)</u> |
| Property and equipment, net | <u>\$ 746,026</u> | <u>\$ 219,802</u> | <u>\$ -</u> | <u>\$ 965,828</u> |

Depreciation expense was \$29,359 for the year ended June 30, 2024.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 4 INVESTMENTS

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2024:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|------------------------------|-------------------|-------------------|--------------------------------|
| Cash and cash equivalents | \$ 29,857 | \$ 29,857 | \$ - |
| Marketable equity securities | 809,624 | 818,363 | 8,739 |
| | <u>\$ 839,481</u> | <u>\$ 848,220</u> | <u>\$ 8,739</u> |

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2024:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|------------------------|-----------------------------------|--------------------------------|------------------|
| Interest and dividends | \$ 36,639 | \$ - | \$ 36,639 |
| Realized losses | (5,818) | - | (5,818) |
| Unrealized gains | 33,257 | - | 33,257 |
| Advisory fees | (3,046) | - | (3,046) |
| | <u>\$ 61,032</u> | <u>\$ -</u> | <u>\$ 61,032</u> |

NOTE 5 INVESTMENTS – DONOR-DESIGNATED ENDOWMENTS

The Organization’s endowment consists of funds that are to be used to support the mission of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Per the donation agreement, the historical dollar amount of the endowment fund is to be preserved. The Organization classifies, as net assets with donor restrictions, the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure. Under the Organization’s spending policy, in the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. The donors have not placed restrictions on the use of investment income or net appreciation resulting from the donor-restricted endowment fund. Appropriations for expenditures from endowment funds are to be approved by the Board of Directors.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 5 INVESTMENTS – DONOR-DESIGNATED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law. The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while also seeking to maintain the purchasing power of these endowment assets over the long-term. Endowment assets are invested in a well-diverse asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition as of June 30, 2024 was as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|----------------------------------|-------------------------------|----------------------------|----------------------------------|
| Donor-restricted endowment funds | <u>\$ 98,220</u> | <u>\$ 750,000</u> | <u>\$ 848,220</u> |

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 5 INVESTMENTS – DONOR-DESIGNATED ENDOWMENTS (CONTINUED)

Changes in endowment net assets as of June 30, 2024 were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|---|-------------------------------|----------------------------|----------------------------------|
| Endowment net assets, beginning of year | \$ 39,419 | \$ 750,000 | \$ 789,419 |
| Investment income | 28,590 | - | 28,590 |
| Net depreciation | 33,257 | - | 33,257 |
| Amounts appropriated for expenditure | <u>(3,046)</u> | <u>-</u> | <u>(3,046)</u> |
| Endowment net assets, end of year | <u>\$ 98,220</u> | <u>\$ 750,000</u> | <u>848,220</u> |

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

The Organization has assets which are restricted in their application by virtue of the donor's intention or commitments already entered into by the Organization. These net assets are to be held in perpetuity and the earnings are to be used for the programs of the Organization. Details on the restricted balances are set out below:

| | |
|-----------------------------------|---------------------|
| James D. Moncus Family Foundation | \$ 750,000 |
| Jean Breaux Award Fund | 21,840 |
| Courtney Granger Fund | 17,336 |
| LCG Create - Equipment | 106,906 |
| Let Culture Lead | <u>439,826</u> |
| | <u>\$ 1,335,908</u> |

NOTE 7 LONG-TERM DEBT

| | |
|---|-------------------|
| Note payable to Lafayette Public Trust Financing Authority, Inc., payable in 300 monthly installments of \$2,822, including interest at 3.00%, maturing April 2047, collateralized by property. | <u>\$ 559,209</u> |
| | 559,209 |
| Less: current maturities of long-term debt | <u>(17,318)</u> |
| Net long-term debt | <u>\$ 541,891</u> |

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 7 LONG-TERM DEBT (CONTINUED)

Scheduled maturities of long-term debt for each of the next five years is summarized below:

| | | |
|------------|----|----------------|
| June 30, | | |
| 2025 | \$ | 17,318 |
| 2026 | | 17,844 |
| 2027 | | 18,387 |
| 2028 | | 18,946 |
| 2029 | | 19,523 |
| Thereafter | | <u>467,191</u> |
| | \$ | <u>559,209</u> |

NOTE 8 DONATED SERVICES AND FACILITIES

The Organization received a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the Statement of Activities because the criteria for recognition under SFAS No. 116 has not been satisfied. On December 2, 2003, the Organization executed a lease with the Lafayette Consolidated Government to begin upon occupation of a newly constructed facility. The lease period was ten years with the right to renew for three consecutive periods of five years each. The lease was renewed for an additional five years in December 2018. Under the agreement, the Organization will pay rent at the rate of \$100 per year, as well as be responsible for payment of all insurance and maintenance, heating and cooling and elevator systems. The estimated rental in the amount of \$162,000 has been reflected in the accompanying financial statements as contributions with a like amount shown as donated goods and services.

NOTE 9 FUNDRAISING EXPENSE

Each year, the Organization hosts several fundraising events. Fundraising costs are expensed as incurred. The total fundraising expense for the year ended June 30, 2024 was \$373,664, of this amount, \$47,040 represent in-kind donations.

NOTE 10 AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditures, that is, without donor or other restrictions limiting their use as of June 30, 2024:

| | | |
|---|----|----------------|
| Cash and cash equivalents | \$ | 703,352 |
| Accounts receivable | | 105,697 |
| Grants receivable | | 75,308 |
| Prepaid expenses | | <u>39,659</u> |
| Total financial assets available to meet general expenditures over the next twelve months | \$ | <u>924,016</u> |

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 11 COMPENSATION OF BOARD OF DIRECTORS

Directors do not receive any compensation for their services as Directors of the Organization. Directors may be reimbursed for their expenses, if any, incurred in carrying out the purposes of the Organization, provided that such reimbursement does not adversely affect the Organization's qualification under Section 501(c)(3) of the Internal Revenue Code.

NOTE 12 CONCENTRATIONS

The Organization received a substantial portion of its revenues from City, Parish and State grants and contracts. Any substantial change in any of these components could have adverse effects on the Organization's financial condition.

NOTE 13 CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution which may, at times, exceed Federal Deposit Insurance Corporation insurance limits of \$250,000. Management believes the credit risk associated with these deposits is minimal.

NOTE 14 INVESTMENT EXPENSES

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to \$3,046 and have been netted against investment revenues in the accompanying Statement of Activities.

NOTE 15 CONTINGENCIES – GRANT PROGRAMS

The Organization participates in federal, state and local grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and local grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

ACADIANA CENTER FOR THE ARTS, INC.

Notes to Financial Statements

NOTE 16 COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR

A detail of compensation, benefits, and other payments made to the executive director Samuel Oliver for the year ended June 30, 2024.

| <u>Purpose</u> | <u>Amount</u> |
|-------------------------------------|------------------|
| Salary | \$ 78,925 |
| Benefits - insurance and retirement | 5,249 |
| Paid time off | <u>11,742</u> |
| Total | <u>\$ 95,916</u> |

NOTE 17 FAIR VALUE MEASUREMENTS

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30, 2024:

| | Quoted Price in Active Markets for Identical Assets (Level 1) |
|--------------------------|--|
| Cash and sweep balances | \$ 29,857 |
| Stocks, options and ETFs | 223,592 |
| Fixed income securities | 241,625 |
| Mutual funds | <u>353,146</u> |
| | <u>\$ 848,220</u> |

INTERNAL CONTROL AND COMPLIANCE

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*

The Board of Directors
Acadiana Center for the Arts, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acadiana Center for the Arts, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Center for the Arts, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Acadiana Center for the Arts, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Acadiana Center for the Arts, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Acadiana Center for the Arts, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

This report is intended solely for the information and use of the board of directors, management, others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 17, 2024

ACADIANA CENTER FOR THE ARTS, INC.

Schedules of Findings and Questioned Costs
Year Ended June 30, 2024

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unmodified opinion has been issued on Acadiana Center for the Arts, Inc.'s financial statements as of and for the year ended June 30, 2024.

Deficiencies and Material Weaknesses in Internal Control – Financial Reporting

No deficiencies or material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance material to the financial statements noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2024.

Part II: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the fiscal year ended June 30, 2024.

Part III: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2024, the Acadiana Center for the Arts, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore, this section is not applicable.

Part IV: Management Letter

The auditor did not issue a management letter this year.

ACADIANA CENTER FOR THE ARTS, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 2024

This section is not applicable for the year ended June 30, 2024.

ACADIANA CENTER FOR THE ARTS, INC.

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2024

This section is not applicable for the year ended June 30, 2024.

ACADIANA CENTER FOR THE ARTS, INC.

Statewide Agreed-Upon Procedures

Year Ended June 30, 2024

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Acadiana Center for the Arts, Inc.
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 July 1, 2023 through June 30, 2024. The Acadiana Center for the Arts, Inc. (Entity's) management is responsible for those C/C areas identified in the SAUPs.

The Entity 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 July 1, 2023 through June 30, 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:

1) Written Policies and Procedures

- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - ii. ***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.
Written policies and procedures were obtained and do address the functions noted above.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and do address the functions noted above.
 - iv. ***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).

Written policies and procedures were obtained and do address the functions noted above.

- v. **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.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- viii. **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).

Written policies and procedures were obtained and do address the functions noted above.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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.

This section is not applicable for nonprofit organizations.

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

This section is not applicable for nonprofit organizations.

- xi. **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.

Written policies and procedures were obtained and do address the functions noted above.

- xii. **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.

Per review of grant documents, the entity is not subject to the sexual harassment law, R.S. 42:342-344.

2) Board or Finance Committee

- A. 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
- i. 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.
No exceptions noted.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit 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.*
This section is not applicable to nonprofit organizations.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
This section is not applicable to nonprofit organizations.
 - iv. 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.
Obtained the prior year audit report and observed that there were no audit findings.

3) Bank Reconciliations

- A. 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:
- Obtained listing of bank accounts from management and management's representation that the listing is complete.*
- i. 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.
 - ii. Bank reconciliations include written evidence that a member of management or a 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

No exceptions noted.

- iii. 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.

4) Collections (excluding electronic funds transfers)

- A. 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 and management's representation that the listing is complete.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

Obtained listing of collection locations from management and management's representation that the listing is complete.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

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

No exceptions noted.

- iii. 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; and

No exceptions noted.

- iv. 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 also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. 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 in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- iv. 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.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. 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).
Listing of locations that process payments and management's representation that the listing is complete was obtained.
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. 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;
No exceptions noted.
 - iv. 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; and
No exceptions noted.

- v. 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.

- C. For each location selected under procedure #5A 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

- i. 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, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete was obtained.

- B. 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

- i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions noted.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

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

- A. 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 and 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:

Obtained a listing of travel and travel-related expense reimbursements and management’s representation that the listing was complete.

- i. If reimbursed using a per diem, observe that 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);

Not applicable.

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

No exceptions noted.

- iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

- A. 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. *Alternatively, 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

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- i. 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;

Not applicable.

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

No exceptions noted.

- iii. 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, the documented approval); and

Not applicable.

- iv. 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 noted.

9) Payroll and Personnel

- A. 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.

Listing of employees and management's representation that the listing is complete was obtained. Authorized salaries/pay rates traced to personnel files without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Not applicable.

- D. 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.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

This section is not applicable for nonprofit organizations.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

This section is not applicable for nonprofit organizations.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This section is not applicable for nonprofit organizations.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

This section is not applicable for nonprofit organizations.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve

balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section is not applicable for nonprofit organizations.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

No misappropriations of public funds or assets noted.

- B. 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.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. 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 evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. 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.

- iii. 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.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity 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. The requirements are as follows:

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Per review of grant documents, the entity is not subject to the sexual harassment law, R.S. 42:342-344.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Per review of grant documents, the entity is not subject to the sexual harassment law, R.S. 42:342-344.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

Per review of grant documents, the entity is not subject to the sexual harassment law, R.S. 42:342-344.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

We were engaged by the Entity 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 the Entity 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.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

September 17, 2024