

State Fair of Louisiana

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

State Fair of Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of State Fair of Louisiana (a Louisiana not-for-profit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related summary of accounting policies and notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Fair of Louisiana as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State Fair of Louisiana 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Fair of Louisiana 's ability to continue as a going concern for a reasonable period of time.

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

Other Supplementary Information

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

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



James K. McClelland, CPA LLC

Shreveport, Louisiana

May 23, 2022

<i>December 31,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets (Note 5)						
Current assets:						
Cash (Notes 1 and 7)	\$ 1,086,651	\$ -	\$ 1,086,651	\$ 261,159	\$ -	\$ 261,159
Accounts receivable, net (Note 16)	92,747	-	92,747	67,201	-	67,201
Prepaid expenses and other	62,821	-	62,821	85,760	-	85,760
Short-term investments (Notes 8 and 12)	-	-	-	63,067	-	63,067
Total current assets	1,242,219	-	1,242,219	477,187	-	477,187
Property and equipment, net (Note 2)	1,384,799	-	1,384,799	1,271,727	-	1,271,727
Reserve fund assets – demand deposits (Note 3 and 4)	400,000	-	400,000	350,000	-	350,000
Reserve fund assets - investments (Notes 3, 4 and 8)	300,000	-	300,000	300,000	-	300,000
	\$3,327,018	\$ -	\$3,327,018	\$2,398,914	\$ -	\$2,398,914

State Fair of Louisiana

Statements of Financial Position

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued Expenses	\$ 305,264	\$ -	\$ 305,264	\$ 116,106	\$ -	\$ 116,106
Current portion of long-term debt (Note 5)	-	-	-	-	-	-
Deferred revenues	11,563	-	11,563	11,563	-	11,563
Contract liabilities (Note 16)	19,160	-	19,160	51,250	-	51,250
Total current liabilities	335,987	-	335,987	178,919	-	178,919
Long-term debt (Note 5)	150,000	-	150,000	150,000	-	150,000
Total liabilities	485,987	-	485,987	328,919	-	328,919
Commitments and contingencies						
(Note 6)						
Net Assets:						
Without donor restrictions:						
Unrestricted and undesignated	2,141,031	-	2,141,031	1,419,995	-	1,419,995
Board designated (Notes 3, 4 and 8)	700,000	-	700,000	650,000	-	650,000
Total net assets	2,841,031	-	2,841,031	2,069,995	-	2,069,995
	\$3,327,018	\$ -	\$3,327,018	\$2,398,914	\$ -	\$2,398,914

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

State Fair of Louisiana

Statements of Activities

Years Ended December 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Fair	\$4,308,282	\$ -	\$4,308,282	\$ 281,342	\$ -	\$ 281,342
Off-season	304,052	-	304,052	92,101	-	92,101
Total revenue	4,612,334	-	4,612,334	373,443	-	373,443
Expenses:						
Fair program	2,344,015	-	2,344,015	151,684	-	151,684
Off-season program	188,963	-	188,963	18,044	-	18,044
Management and general	1,675,277	-	1,675,277	1,327,960	-	1,327,960
Total expenses	4,208,255	-	4,208,255	1,497,688	-	1,497,688
Decrease in net assets from operations	404,079	-	404,079	(1,124,245)	-	(1,124,245)
Other income (expense):						
Long-term leasing, less expense reimbursements of \$293,933 in 2021 and \$158,061 in 2020 (Note 9 and 10)	181,781	-	181,781	150,265	-	150,265
Return on investments, net (Note 12)	22,766	-	8,920	6,023	-	6,023
Other	162,410	-	176,256	175,290	-	175,290
Total other income	366,957	-	366,957	331,578	-	331,578
Increase (decrease) in net assets	771,036	-	771,036	(792,667)	-	(792,667)
Net assets, beginning of year	2,069,995	-	2,069,995	2,862,662	-	2,862,662
Net assets, end of year	\$ 2,841,031	\$ -	\$ 2,841,031	\$ 2,069,995	\$ -	\$ 2,069,995

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

<i>Year ended December 31, 2021</i>	Program Activities		Supporting Activities	Total Expenses
	Fair Program	Off-Season Program	Management and General	
Expenses				
Accounting Fees	\$ -	\$ -	\$ 42,550	\$ 42,550
Advertisement and Promotions	400,163	-	29,301	429,464
Attractions	294,150	-	-	294,150
Awards	29,527	-	-	29,527
Bad Debt	-	-	2,154	2,154
Bank Fees	-	-	43,833	43,833
Concessions and Catering	-	66,364	-	66,364
Conferences and Meetings	-	-	6,429	6,429
Contract Labor	240,694	11,128	192,816	444,638
Decorations	-	-	20,608	20,608
Depreciation	-	-	134,953	134,953
Dues and Subscriptions	-	-	8,523	8,523
Entertainment	185,459	-	-	185,459
Equipment and furnishings	-	-	7,218	7,218
Events	139,332	307	-	139,639
Fuel	3,368	-	11,214	14,582
Grounds Maintenance	23,716	-	39,326	63,042
Information Technology	-	-	8,908	8,908
Insurance	-	-	165,556	165,556
Interest	-	-	6,248	6,248
Legal Fees	-	-	1,016	1,016
Livestock Show Costs	105,281	-	-	105,281
Miscellaneous	38,731	1,409	24,084	64,224
Office Expenses	-	-	12,089	12,089
Parking	138,225	25,981	-	164,206
Payroll Taxes	-	-	37,502	37,502
Printing	79,832	-	5,083	84,915
Rentals	12,923	48	15,346	28,317
Repairs and Maintenance	56,345	-	73,607	129,952
Retirement	-	-	16,842	16,842
Safety and Security	528,685	83,726	6,715	619,126
Salaries	-	-	480,161	480,161
Sponsorship	-	-	2,000	2,000
Supplies	67,584	-	33,463	101,047
Travel	-	-	3,682	3,682
Utilities	-	-	240,232	240,232
Vehicle	-	-	3,818	3,818
Total Expenses	\$2,344,015	\$188,963	\$1,675,277	4,208,255

State Fair of Louisiana

Statements of Functional Expenses

<i>Year ended December 31, 2020</i>	Program Activities		Supporting Activities	Total Expenses
	Fair Program	Off Season Program	Management and General	
	\$ -	\$ -	\$ 42,050	\$ 42,050
	44,106	400	9,262	53,768
	-	-	-	-
	19,740	-	-	19,740
	-	-	29,932	29,932
	-	-	4,887	4,887
	-	-	-	-
	-	-	14,403	14,403
	32,172	-	97,136	129,308
	-	-	-	-
	-	-	140,685	140,685
	-	-	4,752	4,752
	500	-	-	500
	-	-	6,329	6,329
	7,210	7,758	-	14,968
	-	-	9,180	9,180
	92	-	9,101	9,193
	-	-	8,240	8,240
	-	-	166,552	166,552
	-	-	172	172
	-	-	1,100	1,100
	20,841	-	-	20,841
	4,187	21	15,410	19,618
	-	-	8,173	8,173
	-	9,295	-	9,295
	-	-	32,239	32,239
	1,361	-	205	1,566
	-	30	11,756	11,786
	258	-	39,770	40,028
	-	-	13,130	13,130
	14,952	540	90,732	106,224
	-	-	409,069	409,069
	-	-	-	-
	6,265	-	23,757	30,022
	-	-	2,589	2,589
	-	-	135,599	135,599
	-	-	1,750	1,750
	\$151,684	\$18,044	\$1,327,960	\$1,497,688

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

State Fair of Louisiana

Statements of Cash Flows

Years Ended December 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Cash Flows from Operating Activities:						
Increase (decrease) in net assets	\$ 771,036	\$ -	\$ 771,036	\$(792,667)	\$ -	\$(792,667)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Depreciation and amortization	134,953	-	134,953	140,685	-	140,685
Gain on sale of investment	(13,346)	-	(13,346)			
Unrealized loss on investments	-	-	-	7,278	-	7,278
Change in operating assets and liabilities:						
Accounts receivable	(25,546)	-	(25,546)	108,735	-	108,735
Prepaid expenses and other	22,939	-	22,939	(41,418)	-	(41,418)
Accounts payable and accrued expenses	189,158	-	189,158	(93,359)	-	(93,359)
Deferred income	-	-	-	(21,703)	-	(21,703)
Contract liabilities	(32,090)	-	(32,090)	22,900	-	22,900
Net cash provided by (used in) operating activities	1,047,104	-	1,047,104	(669,549)	-	(669,549)
Cash Flows from Investing Activities:						
Purchases of property and equipment	(248,025)	-	(248,025)	-	-	-
Purchase of investments	(50,000)	-	(50,000)	-	-	-
Proceeds from sale of investments	76,413	-	76,413	50,000	-	50,000
Net cash (used in) provided by investing activities	(221,612)	-	(221,612)	50,000	-	50,000
Cash Flows from Financing Activities:						
Issuance of debt	-	-	-	150,000	-	150,000
Repayment of debt	-	-	-	(2,764)	-	(2,764)
Net cash provided by financing activities	-	-	-	147,236	-	147,236
Net increase (decrease) in cash	825,492	-	825,492	(472,313)	-	(472,313)
Cash, beginning of year	261,159	-	261,159	733,472	-	733,472
Cash, end of year	\$1,086,651	\$ -	\$1,086,651	\$ 261,159	\$ -	\$ 261,159

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

State Fair of Louisiana

Summary of Accounting Policies

Business

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

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

Use of Estimates

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

Property and Equipment

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

Reserve Fund

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements. Due to challenges caused by the cancellation of the 2020 Fair, the Fair was forced to use \$50,000 of the reserve fund as of the year end December 31, 2020, which was replaced in the year ended December 31, 2021.

State Fair of Louisiana

Summary of Accounting Policies

(Continued)

Financial Statement Presentation

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

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

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

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

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

Reclassifications

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

Revenue Recognition

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

State Fair of Louisiana

Summary of Accounting Policies

(Continued)

Revenue Recognition-- (continued)

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

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

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

Performance Obligations

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

Retail Sales of Event Admissions and Parking:

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

Carnival Operations:

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

State Fair of Louisiana

Summary of Accounting Policies

(Continued)

Performance Obligations– (continued)

Facilities, Grounds and Equipment Rentals:

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

Exhibitors and Concessionaires:

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

Event Sponsorship:

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

In-Kind Revenues:

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

Sales Taxes

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

State Fair of Louisiana

Summary of Accounting Policies

(Continued)

**Allowance for
Doubtful Accounts**

The Fair records an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. The Fair has a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' credit worthiness or other matters affecting collectability of amounts due from such customers could have a material effect on the Fair's results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At December 31, 2021 and 2020, the allowance for doubtful accounts totaled \$29,932 and \$29,932 respectively.

Income Taxes

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

The Fair has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Fair's tax positions and concluded that the Fair has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Fair to lose its tax-exempt status. Information returns of the Fair for the years ended December 31, 2018 to December 31, 2021 remain subject to examination by the Internal Revenue Service.

**Statements of
Cash Flows**

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

State Fair of Louisiana

Summary of Accounting Policies *(Concluded)*

Advertising

The Fair expenses advertising as it is incurred. The Fair expended approximately \$492,464 and \$53,768 in the years ended December 31, 2021 and 2020, respectively, for advertising.

For the years ended December 31, 2021 and 2020, the Fair provided various goods and services in exchange for advertising services from local providers, the value of which is included as revenue and expense in the Statement of Activities. Included in Fair revenue and expense for 2021 and 2020 is \$217,760 and \$0, respectively, related to such transactions.

Investments

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

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

Subsequent Events

Management evaluated events subsequent to the Fair's most recent year end through May 23, 2022, the date the financial statements were available for issuance.

State Fair of Louisiana

Notes to Financial Statements

1. Cash Included in cash at December 31, 2021 and 2020 are interest bearing deposits (collected bank balance) totaling approximately \$1,143,000 and \$225,000 respectively. At December 31, 2021 the Fair maintained approximately \$871,000 on hand in excess of federal depository insurance.

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

The major classifications of property and equipment for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Buildings	\$ 7,136,776	\$ 6,944,374
Equipment	2,775,924	2,720,300
Land improvements	1,476,178	1,476,178
Website	15,000	15,000
Land	14,500	14,500
	11,418,378	11,170,352
Less accumulated depreciation and amortization	10,033,579	9,757,940
Net property and equipment	\$ 1,384,799	\$ 1,412,412

3. Reserve Fund An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes. Due to challenges caused by the cancellation of the 2020 Fair, the Fair was forced to use \$50,000 of the reserve fund as of the year end December 31, 2020, which was replaced in the year ended December 31, 2021.

State Fair of Louisiana

Notes to Financial Statements (Continued)

4. Reserve Fund Assets

Reserve fund assets are as follows at December 31, 2021 and 2020:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2021</u>				
Reserve fund assets:				
Interest bearing demand deposits	\$400,000	\$ -	\$ -	\$400,000
Certificates of deposit	300,000	-	-	300,000
Reserve fund assets	\$700,000	\$ -	\$ -	\$700,000

December 31, 2020

Reserve fund assets:				
Interest bearing demand deposits	\$350,000	\$ -	\$ -	\$350,000
Certificates of deposit	300,000	-	-	300,000
Reserve fund assets	\$650,000	\$ -	\$ -	\$350,000

Reserve Fund investments are invested in bank certificates of deposit and demand deposits. Total depository insurance coverage of these certificates of deposit and the demand deposit is \$700,000 as of December 31, 2021.

5. Notes payable and long-term debt

Long-term debt comprises the following at December 31, 2021 and 2020:

	2021	2020
2.75% EIDs note payable to the United States Small Business Administration in 360 installments beginning August 4, 2022, collateralized by substantially all assets.	\$150,000	\$150,000
	150,000	150,000
Less: Current maturities	-	-
	\$150,000	\$ -

Maturities of long-term debt are as follows: 2023 – \$3,425; 2024 – 3,521; 2025 - \$3,619; Thereafter - \$139,435.

State Fair of Louisiana

Notes to Financial Statements

(Continued)

6. Commitments and Contingencies

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

The Fair leases equipment under operating leases. Minimum rentals under the leases with initial or remaining terms in excess of one year were as follows at December 31, 2022 - \$3,197; 2023 - \$1,193; and 2024 - \$696. Amounts charged to operations under operating leases totaled \$4,596 in 2021 and \$5,048 in 2020.

7. Supplemental Cash Flows Information

Cash basis interest expense totaled \$601 and \$172 in 2021 and 2020, respectively.

8. Fair Value Disclosures

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

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

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

State Fair of Louisiana

Notes to Financial Statements (Continued)

8. Fair Value Disclosures – (continued)

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

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

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

Fair Value Measurements at Reporting Date

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2020</u>			
Certificates of deposit	\$300,000	\$ -	\$300,000
Equity securities	63,067	63,067	-
	\$363,067	\$63,067	\$400,000

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

State Fair of Louisiana

Notes to Financial Statements (Continued)

9. Building Lease

On October 2015, the Fair entered into an agreement for the lease of a building with an aggregate cost of \$2,498,000 and carrying value of zero. The lease has two separate term commitments. The first term runs from November 1, 2015 to September 30, 2016 with a rent of \$2,500 per month. The Lessee is responsible for all maintenance, utilities and janitorial expenses. The second term will run from October 1, 2016 through April 30, 2027 with rent being the greater of \$2,500 per month or \$1.00 per paid admission ticket to be paid to the Fair.

The Lessee further agreed to construct improvements to the interior of the leased premises at a value of at least \$2,000,000. At the end of the lease term, any improvements considered "permanent" in nature will revert to the ownership of the Fair. Construction of such improvements will begin no later than January 1, 2017 and continue until no later than January 1, 2022. As of November 2018, approximately \$2.3 million in improvements had been made to Hirsch Coliseum, but the items that may be considered permanent in nature is not presently known.

Under the terms of the lease, nominal future rentals are \$30,000 per year through December 31, 2026. Nominal future rentals for the year ended 2027 are \$10,000; however, the lease contains a clause that allows the lessee to cancel the lease at any time, without penalty, by tendering 30 days written notice.

10. Long-term Leasing

Long-term leasing revenues comprise the following:

	2021	2020
Grounds leasing	\$142,400	\$ 130,265
Building leasing	333,314	178,061
Less expense reimbursements charged under leasing contracts	(293,933)	(158,061)
Long-term leasing	\$182,381	\$ 150,265

State Fair of Louisiana

Notes to Financial Statements

(Continued)

11. 401(k) Plan

Effective January 1, 2013, the Fair established a qualified, contributory 401(k) plan ("Plan") for all eligible employees. Eligible employees can contribute up to 90% of gross compensation, subject to such maximum annual amounts as may be allowed under the Internal Revenue Code, into the Plan. For each Safe Harbor Participant, as defined, the Fair contributes 3% of compensation. Also, the Fair may contribute a discretionary amount as determined annually by the Executive Committee. No discretionary contributions were made in 2021 or 2020. The total of the matching contributions made by the Fair in 2021 and 2020 were \$10,743 and \$9,998, respectively.

12. Investments

The value of the investments at December 31, 2021 and 2020 is summarized as follows:

June 30,	2021		2020	
	Basis	Fair Value	Basis	Fair Value
Equity securities	\$-	\$-	\$23,662	\$63,067

The following summarizes investment results and its classification in the financial statements:

	2021	2020
Realized gain on sale of investments	\$13,846	\$ -
Unrealized gain (loss) on investments	-	(7,278)
Interest and dividend income	8,920	13,301
	\$22,766	\$ 6,023

13. Related Party Transactions

The Fair carries balances in four banks, employees of which are also members of the Fair's board of directors. In 2021, the owner of the Fair's credit card processor became a member of the Fair's board of directors. The Fair paid \$ and \$1,925 for those services for the year ended December 31, 2021 and 2020, respectively.

State Fair of Louisiana

Notes to Financial Statements (Continued)

14. Disaggregation of Revenue

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

	2021	2020
Revenue recognized based on goods and services transferred to customers at a point in time	\$4,611,364	\$373,443

15. Availability of Financial Assets

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

	2021	2020
Financial assets at year end	\$1,879,398	\$1,041,427
Less those designated by the board of directors as an emergency reserve subject to spending policy and appropriations to support general expenditures (See Note 3)	(700,000)	(650,000)

Financial assets available to meet cash needs for general expenditures within one year	\$1,179,398	\$ 391,427
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Financial assets available to meet cash needs for general expenditures within one year consist of the following:

	2021	2020
Cash and cash equivalents	\$1,086,651	\$261,159
Accounts receivable	92,747	67,201
Short-term investments	-	63,067
	\$1,179,398	\$391,427

State Fair of Louisiana

Notes to Financial Statements (Concluded)

16. Contract Balances

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

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

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

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

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

	2021	2020
Accounts receivable, net	\$67,201	\$67,021
Contract assets	-	-
Contract liabilities	51,250	\$ 51,250

The following provides information about significant changes in contract liabilities:

	2021	2020
Contract liabilities, beginning of year	\$51,250	\$ 28,350
Revenue recognized that was included in contract liabilities at the beginning of year	(51,250)	(2,000)
Increase in contract liabilities due to cash received during the period	19,160	24,900
Contract liabilities, end of year	\$19,160	\$ 51,250

State Fair of Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended December 31, 2021

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2016 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

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

State Fair of Louisiana

Schedule of Findings

For the Year Ended December 31, 2021

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

State Fair of Louisiana
Schedule of Prior Year Findings
For the Year Ended December 31, 2020

Finding 2020-001 – Late filing of report

Corrected. The report for 2021 will be filed ahead of the statutory deadline.