



arts council
GREATER BATON ROUGE

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2020

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Arts Council of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Arts Council of Greater Baton Rouge, Inc. (a non-profit corporation) (the Council), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arts Council of Greater Baton Rouge, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the Agency Head are presented for purposes of additional analysis and are 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.

We have previously audited the Arts Council of Greater Baton Rouge, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements for which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2020 on our consideration of the Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 13, 2020

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(with comparative amounts for 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 510,392 | \$ 239,439 |
| Certificate of deposit | - | 83,204 |
| Receivables: | | |
| Grants and other, net | 160,041 | 115,091 |
| Prepaid expenses | <u>9,365</u> | <u>17,477</u> |
| Total current assets | 679,798 | 455,211 |
| EQUIPMENT, net | 194,384 | 9,777 |
| RESTRICTED CASH | <u>898,424</u> | <u>145,559</u> |
| Total assets | <u>\$ 1,772,606</u> | <u>\$ 610,547</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 98,192 | \$ 44,550 |
| Accrued expenses | 48,222 | 21,759 |
| Deferred revenues | <u>250,769</u> | <u>200,869</u> |
| Total current liabilities | 397,183 | 267,178 |
| NOTE PAYABLE - PAYROLL PROTECTION PROGRAM | <u>112,107</u> | <u>-</u> |
| Total liabilities | <u>509,290</u> | <u>267,178</u> |
| NET ASSETS | | |
| Without donor restrictions | 412,475 | 335,845 |
| With donor restrictions | <u>850,841</u> | <u>7,524</u> |
| Total net assets | <u>1,263,316</u> | <u>343,369</u> |
| Total liabilities and net assets | <u>\$ 1,772,606</u> | <u>\$ 610,547</u> |

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020
(with summarized comparative amounts for 2019)

| | Without donor restrictions | With donor restrictions | Total | |
|--|-------------------------------|----------------------------|---------------------|-------------------|
| | | | 2020 | 2019 |
| SUPPORT AND REVENUES | | | | |
| Contributions | | | | |
| Fundraisers and gifts | \$ 66,924 | \$ 1,021,336 | \$ 1,088,260 | \$ 37,541 |
| In-kind | 70,809 | - | 70,809 | 152,295 |
| | <u>137,733</u> | <u>1,021,336</u> | <u>1,159,069</u> | <u>189,836</u> |
| Grants and Contractual Services | | | | |
| State of Louisiana | 252,251 | - | 252,251 | 129,932 |
| Municipal/Parish | - | - | - | 16,518 |
| School System and Library | 107,177 | - | 107,177 | 375,234 |
| Administrative fees | 2,448 | - | 2,448 | 71,500 |
| Other | 203,751 | - | 203,751 | 229,570 |
| | <u>565,627</u> | <u>-</u> | <u>565,627</u> | <u>822,754</u> |
| Other | | | | |
| Programs | 379,760 | 193,328 | 573,088 | 244,089 |
| Special events | 127,431 | - | 127,431 | 229,155 |
| Membership | 90,087 | - | 90,087 | 182,746 |
| Interest | 1,046 | - | 1,046 | 1,692 |
| Rents, sale of artwork, and other income | 39,235 | 6,086 | 45,321 | 69,640 |
| | <u>637,559</u> | <u>199,414</u> | <u>836,973</u> | <u>727,322</u> |
| Total support and revenues | <u>1,340,919</u> | <u>1,220,750</u> | <u>2,561,669</u> | <u>1,739,912</u> |
| Change in net assets restrictions: | | | | |
| Released from restrictions | <u>377,433</u> | <u>(377,433)</u> | - | - |
| Total support, revenues and net assets released from restriction | <u>1,718,352</u> | <u>843,317</u> | <u>2,561,669</u> | <u>1,739,912</u> |
| EXPENSES | | | | |
| Programs: | | | | |
| Educational | 252,316 | - | 252,316 | 318,592 |
| Community outreach | 516,458 | - | 516,458 | 590,535 |
| Regranting | 12,551 | - | 12,551 | 168,452 |
| Fundraising | 8,244 | - | 8,244 | 4,302 |
| General and administrative | 852,153 | - | 852,153 | 610,879 |
| Total expenses | <u>1,641,722</u> | <u>-</u> | <u>1,641,722</u> | <u>1,692,760</u> |
| Change in net assets | 76,630 | 843,317 | 919,947 | 47,152 |
| NET ASSETS | | | | |
| Beginning of period | <u>335,845</u> | <u>7,524</u> | <u>343,369</u> | <u>296,217</u> |
| End of period | <u>\$ 412,475</u> | <u>\$ 850,841</u> | <u>\$ 1,263,316</u> | <u>\$ 343,369</u> |

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020
(with summarized comparative amounts for 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 919,947 | \$ 47,152 |
| Adjustments for non-cash items: | | |
| Depreciation | 6,644 | 4,079 |
| Changes in operating assets and liabilities: | | |
| (Increase) Decrease in receivables | (44,950) | (77,719) |
| (Increase) Decrease in prepaid expenses | 8,112 | (8,160) |
| (Decrease) Increase in accounts payable and accrued expenses | 80,105 | (6,158) |
| Increase in deferred revenues | <u>49,900</u> | <u>10,280</u> |
| Net cash provided (used) by operating activities | <u>1,019,758</u> | <u>(30,526)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments in certificates of deposit | 83,204 | (1,004) |
| Purchase of equipment | <u>(191,251)</u> | <u>(1,199)</u> |
| Net cash used by investing activities | <u>(108,047)</u> | <u>(2,203)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from note payable - Payroll Protection Program | <u>112,107</u> | <u>-</u> |
| Net increase (decrease) in cash | 1,023,818 | (32,729) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>384,998</u> | <u>417,727</u> |
| End of year | <u>\$ 1,408,816</u> | <u>\$ 384,998</u> |
| RECONCILIATION OF CASH AND RESTRICTED CASH | | |
| Cash | 510,392 | 239,439 |
| Restricted cash | <u>898,424</u> | <u>145,559</u> |
| Total cash | <u>\$ 1,408,816</u> | <u>\$ 384,998</u> |

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020
(with summarized comparative amounts for 2019)

| | <u>Program</u> | | | | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Total</u> | |
|-------------------------------------|--------------------|-------------------------------|-------------------|----------------------|--------------------|---------------------------------------|---------------------|---------------------|
| | <u>Educational</u> | <u>Community Outreach</u> | <u>Regranting</u> | <u>Total Program</u> | | | <u>2020</u> | <u>2019</u> |
| EXPENSES | | | | | | | | |
| Salaries and wages | \$ 68,300 | \$ 218,648 | \$ - | \$ 286,948 | \$ 5,000 | \$ 351,433 | \$ 643,381 | \$ 573,764 |
| Payroll taxes and benefits | 8,794 | 28,151 | - | 36,945 | 644 | 45,246 | 82,835 | 66,611 |
| Regranting | - | - | 12,551 | 12,551 | - | 252,251 | 264,802 | 227,469 |
| Artists | 133,081 | 83,778 | - | 216,859 | 2,300 | 150 | 219,309 | 281,333 |
| Professional services | 10,620 | 1,750 | - | 12,370 | - | 84,447 | 96,817 | 59,448 |
| Marketing | 2,045 | 42,713 | - | 44,758 | - | 32,748 | 77,506 | 159,731 |
| Materials and supplies | 6,873 | 37,712 | - | 44,585 | - | 6,690 | 51,275 | 28,173 |
| Travel and meals | 4,658 | 30,029 | - | 34,687 | - | 319 | 35,006 | 51,897 |
| Contract labor | 141 | 17,369 | - | 17,510 | 300 | 14,848 | 32,658 | 70,817 |
| Other programatic | 4,000 | 12,900 | - | 16,900 | - | - | 16,900 | - |
| Equipment rental | - | 16,118 | - | 16,118 | - | - | 16,118 | 7,136 |
| Honorariums | 6,587 | 7,400 | - | 13,987 | - | - | 13,987 | 5,622 |
| Dues and subscriptions | 1,169 | 439 | - | 1,608 | - | 12,165 | 13,773 | 14,936 |
| Insurance | - | - | - | - | - | 13,464 | 13,464 | 11,840 |
| Small tools and equipment | 2,325 | 8,038 | - | 10,363 | - | 1,093 | 11,456 | 14,893 |
| Telephone | - | - | - | - | - | 8,332 | 8,332 | 7,911 |
| Printing | - | 424 | - | 424 | - | 6,831 | 7,255 | 14,239 |
| Depreciation | - | - | - | - | - | 6,644 | 6,644 | 4,079 |
| Commissions - sale of art | 250 | 5,575 | - | 5,825 | - | - | 5,825 | 24,395 |
| Bank charges | 39 | 3,365 | - | 3,404 | - | 2,138 | 5,542 | 10,416 |
| Bad debt | - | 100 | - | 100 | - | 5,000 | 5,100 | 1,400 |
| Hospitality | 2,236 | 854 | - | 3,090 | - | 1,184 | 4,274 | 9,381 |
| Repairs and maintenance | - | - | - | - | - | 3,722 | 3,722 | 3,106 |
| Conferences and training | 855 | 1,095 | - | 1,950 | - | 405 | 2,355 | 8,488 |
| Postage | - | - | - | - | - | 1,195 | 1,195 | 1,963 |
| Meetings | - | - | - | - | - | 855 | 855 | 1,845 |
| Computer services and subscriptions | - | - | - | - | - | 592 | 592 | 4,356 |
| Licensing fees | - | - | - | - | - | 401 | 401 | 789 |
| Awards | 343 | - | - | 343 | - | - | 343 | 9,753 |
| Beverage costs | - | - | - | - | - | - | - | 4,314 |
| Web design | - | - | - | - | - | - | - | 10,500 |
| Charitable contributions | - | - | - | - | - | - | - | 1,555 |
| Interest | - | - | - | - | - | - | - | 600 |
| Total expenses | \$ 252,316 | \$ 516,458 | \$ 12,551 | \$ 781,325 | \$ 8,244 | \$ 852,153 | \$ 1,641,722 | \$ 1,692,760 |

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

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Arts Council of Greater Baton Rouge, Inc. (the Council) was founded in 1973 to serve the City of Baton Rouge, East Baton Rouge Parish, and surrounding parishes. The mission of the Council is to foster the creative capacity and vibrancy of the capital region through advocacy, resources, and education through promoting cultural diversity and encouraging individual and community involvement in the arts.

Basis of presentation

The financial statements of the Council have been prepared on the accrual basis in accordance with United States of America generally accepted accounting principles (U.S. GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements.

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without restrictions.

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended June 30, 2019. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

The statement of activities presents expenses of the Council's operations functionally by programs and development, special events, and general and administrative.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates are used primarily when accounting for prepaid assets, depreciation, deferred revenues and in-kind revenues and expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Council considers all highly liquid investments, money market funds, and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents.

Investment valuation

Financial Accounting Standards Board (FASB) Accounting Standards Codification, (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

Fair value of financial instruments

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

Promises to give

The Council reports contributions received as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets and, when a restriction is satisfied, temporarily restricted net assets are released to unrestricted net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for uncollectible pledges and receivables

An allowance for uncollectible pledges is recorded based on prior years' experience and management's analysis of specific pledges. At June 30, 2020, there was no allowance for uncollectible pledges and \$5,334 of receivables were outstanding for longer than 90 days. To the extent that amounts reserved are collected, the subsequent year's commitment to participating arts organizations is increased.

The Council does not require collateral on its receivables. At June 30, 2020, there was no allowance for uncollectible receivables or receivables outstanding for longer than 90 days. These receivables relate primarily to government grant funding.

Grant recognition

Grants that represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Furthermore, the Council is advanced funds from governmental agencies; such advances are recorded as deferred income until earned.

The Council receives grants which apply to programs whose duration extends into the subsequent year. Revenue is recognized on these grants each fiscal year based on a ratio of expenses incurred during the year to the total projected expenses of the program. At year-end, the unexpended portion of the grant is deferred. In the case of grants received for general operations that apply to a designated time period, income is recognized on a pro-rata basis. Grants that represent contributed support are recognized in the same manner as promises to give.

Contractual services

The Council contracts with local municipalities and school systems to provide educational services and cultural development to residents and school children, organizations, and the community. The Council records contractual services as receivables at the time the services are provided to the recipients.

Equipment

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Vacation leave

Vacation leave is earned at varying rates of two to three weeks per year depending on length of service. A maximum of ten days of unused vacation leave can be carried over at December 31st. Accordingly, vacation leave of \$13,788 has been accrued as of June 30, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Program service expenses, fundraising, and management and general expenses are based on specific identification of the direct costs. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated to general and administrative expenses. Salaries are allocated based on estimated time spent for each function.

Net assets with donor restrictions

During 2020, changes in net assets with donor restrictions were as follows:

| | Beginning of Year | Increases | Decreases | End of Year |
|-------------------------------|----------------------|---------------------|---------------------|-------------------|
| Contributed support grants: | | | | |
| Taking Shape Capital Campaign | \$ - | \$ 869,702 | \$ (201,109) | \$ 668,593 |
| Building Stabilization Fund | - | 151,634 | - | 151,634 |
| CERF+ Grant | - | 28,666 | (9,453) | 19,213 |
| Heart of the Story | - | 71,412 | (64,223) | 7,189 |
| Richardson Dufour Scholarship | 2,918 | - | - | 2,918 |
| Derek E Gordon Memorial Fund | 208 | 1,086 | - | 1,294 |
| Montan Trust | 3,447 | - | (3,447) | - |
| Firehouse Project | 711 | - | (711) | - |
| Crespo Award | 150 | 5,000 | (5,150) | - |
| Listening Room | 90 | 12,800 | (12,890) | - |
| River City Jazz Masters | - | 35,700 | (35,700) | - |
| Heart Trail | - | 28,750 | (28,750) | - |
| Art Education | - | 16,000 | (16,000) | - |
| | <u>\$ 7,524</u> | <u>\$ 1,220,750</u> | <u>\$ (377,433)</u> | <u>\$ 850,841</u> |

The contributions generated above are designated to fund operations of participating arts organizations or have restrictions as stipulated by donors or in the grant agreements. When the related purpose restriction is satisfied, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-exempt status

The Council is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council's open audit periods are 2016 through 2019.

In-kind services

Material in-kind items used in the Council's special events are recorded as revenues and expenses when received. The Council recognized \$70,810 of donated services for the year ended June 30, 2020.

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Council's programs, principally in fund raising activities, educational projects, operations, and board participation. The value of this donated time is not reflected in these statements since such services do not meet the requirements for recognition under United States of America generally accepted accounting principles.

Subsequent events

In preparing the financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through November 13, 2020, which was the date the financial statements were available to be issued.

New accounting pronouncement

During the year ended June 30, 2020, the Council adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contract with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this update is that any entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

The Council receives revenue through contracts for services provided. The Council has determined that the funds received from these agreements are attributable to one performance obligation (execution of work contracts), and the Council recognizes revenue when the performance obligation is satisfied (as the services are performed). As a result, the adoption of this standard did not change the Council's methodology for revenue recognition for its current revenue streams.

NOTE 2 - EQUIPMENT

Equipment of \$61,690 has an estimated service life of three to five years with accumulated depreciation of \$45,730 and a net value of \$15,960 at June 30, 2020. Depreciation expense was \$6,644 for 2020. Additionally, the Council has construction in process of \$175,424 related to improvements of a building that will be redesigned into a new community art center and corporate office in downtown Baton Rouge.

NOTE 3 - DEFERRED REVENUE

During 2020, changes in deferred revenue were as follows:

| | Beginning of Year | Increases | Decreases | End of Year |
|-------------------------------|----------------------|-------------------|---------------------|-------------------|
| Community School for the Arts | 35,000 | 105,000 | (70,000) | 70,000 |
| DAF Regranting | \$ 51,894 | \$ 154,983 | \$ (154,976) | \$ 51,901 |
| City Parish Operating Grants | 22,175 | 94,010 | (84,140) | 32,045 |
| PAG Regranting | 31,269 | 48,498 | (52,899) | 26,868 |
| Sunday in the Park | 20,000 | 40,000 | (40,000) | 20,000 |
| Arts Summit | - | 16,000 | - | 16,000 |
| Lamar | 4,507 | 25,000 | (15,551) | 13,956 |
| Camps | - | 46,000 | (36,000) | 10,000 |
| Library | 22,076 | 78,700 | (90,777) | 9,999 |
| River City Jazz Masters | 450 | 10,000 | (10,450) | - |
| MultiCulture Regranting | 13,498 | - | (13,498) | - |
| | <u>\$ 200,869</u> | <u>\$ 618,191</u> | <u>\$ (568,291)</u> | <u>\$ 250,769</u> |

NOTE 5 - NOTE PAYABLE - PAYROLL PROTECTION PROGRAM

Paycheck Protection Program (PPP)

On May 1, 2020, the Council received loan proceeds in the amount of \$112,107 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Council intends to use the proceeds for purposes consistent with the PPP and believes that its use of the loan proceeds will meet the conditions for forgiveness.

Finally, regulations have and may continue to change in regard to this program and requirements for forgiveness are fluid at this time.

NOTE 4 - RETIREMENT PLAN

The Council offers retirement benefits through simple individual retirement accounts for eligible employees electing to establish the account. The Council provides matching contributions of 3% of eligible compensation. Participants are fully vested in contributions made to their individual retirement account. During 2020, the Council contributed \$11,659.

NOTE 5 - RISKS AND UNCERTANTIES

Concentration of credit risk

Financial instruments which subject the Council to concentrations of credit risk consist primarily of cash, cash equivalents, and certificates of deposit. The Council typically maintains these balances in local banks that may, at times, exceed the FDIC limits. Concentrations of credit risk for receivables are generally diversified due to the large number of entities and individuals composing the Council’s programs and donor base.

The Council solicits a majority of funds from individual and corporate contributors in the Baton Rouge area and also receives grants from the City of Baton Rouge and the State of Louisiana, which are significant.

Coronavirus Disease Pandemic of 2019 (COVID-19)

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for nonessential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on employees and vendors all of which are uncertain and cannot be predicted. As of the date of this report, the extent to which COVID-19 may impact financial condition or results of operations is uncertain.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Council’s financial assets as of June 30, 2020, excluding amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

| | 2020 | 2019 |
|---|----------------|----------------|
| Cash and cash equivalents | \$ 510,392 | \$ 239,439 |
| Restricted cash | 898,424 | 145,559 |
| Certificate of deposits | - | 83,204 |
| Grant and other receivables | 160,041 | 115,091 |
| Less: net asset restrictions for specific purposes | (850,841) | (7,524) |
| Less: deferred revenue restrictions for specific purposes | (78,770) | (96,661) |
| Financial assets available to meet cash needs for expenditures within one year | \$ 639,246 | \$ 479,108 |

ARTS COUNCIL OF GREATER BATON ROUGE
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended June 30, 2020

Agency Head: Renee Chatelain, President and CEO

No compensation paid from public funds.

See Independent Auditors' Report

**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***

Board of Directors
Arts Council of Greater Baton Rouge, Inc.
Baton Rouge, 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 Arts Council of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 November 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arts Council of Greater Baton Rouge, 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 Arts Council of Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Arts Council of Greater Baton Rouge, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arts Council of Greater Baton Rouge, 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.

A handwritten signature in black ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 13, 2020

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2020

A) SUMMARY OF AUDIT RESULTS

- The type of report issued on the basic financial statements: **Unmodified opinion**
- Significant deficiencies in internal control disclosed by the audit of the financial statements: **None**
- Material weaknesses in internal control disclosed by the audit of the financial statements: **None**
- Noncompliance which is material to the basic financial statements: **None**
- Findings related to the financial statements reported in accordance with *Government Auditing Standards*: **None**

B) FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the audit of the financial statements.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2019

A. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.