



# **The Strand Theatre of Shreveport Corporation**

**Financial Statements**  
Years Ended May 31, 2019 and 2018

# The Strand Theatre of Shreveport Corporation

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## **Independent Auditor's Report**

The Board of Directors  
The Strand Theatre of Shreveport Corporation  
Shreveport, Louisiana

I have audited the accompanying financial statements of The Strand Theatre of Shreveport Corporation (a nonprofit organization) which comprise the statements of financial position for the years ended May 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and summary of significant accounting policies and the related notes to 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Strand Theatre of Shreveport Corporation as of May 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Report on 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 were derived from and relate 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.

### **Empasis of Matters**

As discussed in Note 15 to the financial statements, the Strand Theatre of Shreveport Corporation adopted new accounting pronouncements for the years ended May 31, 2019 and 2018. My opinion is not modified with respect to these matters.



Certified Public Accountant

Shreveport, Louisiana  
June 24, 2021

**The Strand Theatre  
of Shreveport Corporation**

**Statements of Financial Position**

<i>May 31,</i>	<b>2019</b>	2018 (Restated)
<b>Assets</b>		
<b>Current assets:</b>		
Cash, unrestricted (Notes 1 and 8)	\$ 146,691	\$ 130,016
Cash, restricted (Notes 1 and 8)	19,324	15,269
Short-term investments (Notes 3, 8 and 9)	100,994	100,000
Inventory	3,515	8,295
Prepaid expenses	14,213	23,613
Total current assets	284,737	277,193
<b>Finance lease right of use asset</b> (Note 5)	5,671	7,118
<b>Property and equipment</b> (Notes 2 and 13)	3,388,972	3,536,818
<b>Work of art</b> (Note 11)	106,400	106,400
<b>Strand Building Fund</b> (Note 10)	225,273	232,309
	<b>\$4,011,053</b>	<b>\$4,159,838</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Notes Payable (Note 3)	\$ 70,091	\$ 87,433
Accounts payable	16,474	25,264
Accrued expenses	34,994	12,643
Deferred revenue (Note 16)	165,407	223,807
Total current liabilities	286,966	349,147
Finance lease liability (Note 5)	5,671	7,118
Total liabilities	292,637	356,265
<b>Net assets</b> (Note 8):		
Without donor restrictions (Note 16)	2,823,819	2,905,995
With donor restrictions	894,597	897,578
Total net assets	3,718,416	3,803,573
	<b>\$4,011,053</b>	<b>\$4,159,838</b>

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

# The Strand Theatre of Shreveport Corporation

## Statements of Activities

<i>Years Ended May 31,</i>	<b>2019</b>	2018 (Restated)
<b>Changes in net assets without donor restrictions:</b>		
<b>Support and revenues:</b>		
Theatre rental and other income	\$ 385,192	\$ 232,296
Ticket sales (Note 16)	355,718	535,520
Fund raising	340,634	324,030
Grant income	81,948	49,907
Business sponsorships	53,485	69,000
Program advertising	11,343	14,580
Total support and revenues	<b>1,228,320</b>	1,225,333
<b>Expenses:</b>		
Theatrical program:	1,053,872	1,174,583
Management and general:	184,634	185,347
Fundraising	71,990	68,115
Total expenses	<b>1,310,496</b>	1,428,045
<b>Change in net assets with donor restrictions</b>		
Contributions restricted to capital improvement	4,055	15,269
Net earnings (loss) on Strand Building Fund (Note 10)	(7,036)	7,493
Increase (decrease) in net assets with donor restrictions	<b>(2,981)</b>	22,762
Decrease in net assets	(85,157)	(179,950)
Net assets – beginning of year	<b>3,803,573</b>	3,983,523
Net assets – end of year (Note 16)	<b>\$3,718,416</b>	\$3,803,573

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

*Year Ended May 31,*

**2019**

	Program Activity	Supporting Activities		Total
	Theatrical Program	Management and General Program	Fundraising Program	
Advertising	\$ 29,213	\$ -	\$ -	\$ 29,213
Artist fees	165,000	-	-	165,000
Box office	40,295	-	-	40,295
Conference and travel	-	2,656	-	2,656
Contract labor	100,703	-	-	100,703
Credit card fees	22,012	-	-	22,012
Depreciation and amortization	196,830	-	-	196,830
Dues and subscriptions	-	614	-	614
Insurance	85,025	-	-	85,025
Interest	-	3,970	-	3,970
Janitorial expense	28,878	3,620	-	32,498
Miscellaneous	-	17,456	-	17,456
Occupancy expense	89,967	-	-	89,967
Office supplies and equipment	-	11,253	-	11,253
Payroll taxes and benefits	43,767	23,585	16,298	83,650
Postage	-	5,659	-	5,659
Printing	34,004	-	-	34,004
Production costs	42,291	-	-	42,291
Professional fees	-	15,829	-	15,829
Salaries and wages	150,782	93,446	55,692	299,920
Security	24,421	-	-	24,421
Telephone	-	6,546	-	6,546
Theatre supplies	684	-	-	684
<b>Total expenses</b>	<b>\$1,053,872</b>	<b>\$184,634</b>	<b>\$71,990</b>	<b>\$1,310,496</b>

# The Strand Theatre of Shreveport Corporation

## Statements of Functional Expenses

*Year Ended May 31,*

2018 (Restated)

	<u>Program Activity</u>	<u>Supporting Activities</u>		
	Theatrical Program	Management and General Program	Fundraising Program	Total
	\$ 40,157	\$ -	\$ -	\$ 40,157
	259,000	-	-	259,000
	50,016	-	-	50,016
	-	12,418	-	12,418
	127,740	-	-	127,740
	10,099	-	-	10,099
	191,663	-	-	191,663
	-	1,887	-	1,887
	79,763	-	-	79,763
	-	3,850	-	3,850
	21,577	-	-	21,577
	-	17,021	-	17,021
	78,172	-	-	78,172
	-	9,012	-	9,012
	53,546	20,928	16,697	91,171
	-	5,679	-	5,679
	45,469	-	-	45,469
	36,358	-	-	36,358
	-	13,958	-	13,958
	159,331	94,396	51,418	305,145
	19,201	-	-	19,201
	-	6,198	-	6,198
	2,491	-	-	2,491
<b>Total expenses</b>	<b>\$1,174,583</b>	<b>\$185,347</b>	<b>\$68,115</b>	<b>\$1,428,045</b>



# The Strand Theatre of Shreveport Corporation

## Statements of Cash Flows

<i>Years Ended May 31,</i>	<b>2019</b>	2018 (Restated)
<b>Cash Flows from Operating Activities:</b>		
Decrease in net assets	\$ (85,157)	\$(179,950)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Contributions and investment (earnings) loss restricted for long-term purposes	7,036	(7,493)
Depreciation expense	196,830	191,663
Amortization of right of use asset	1,447	121
Short-term investment earnings	(994)	-
Change in operating assets and liabilities:		
Inventories	4,780	(8,295)
Grants receivable	-	8,939
Prepaid expenses	9,400	(4,811)
Accounts payable	(8,790)	1,412
Accrued expenses	22,351	(6,089)
Deferred revenue	(58,400)	9,039
Net cash provided by operating activities	<b>88,503</b>	4,536
<b>Cash Flows From Investing Activities:</b>		
Expenditures for property and equipment	(48,984)	(42,038)
Investment in other long-term assets	-	(7,493)
Net cash used in investment activities	<b>(48,984)</b>	(49,531)
<b>Cash Flows From Financing Activities:</b>		
Restricted interest and dividends	-	7,493
Payments on lease liability	(1,447)	(121)
Proceeds from the issuance of debt	100,000	30,000
Payments on line-of-credit, net	(117,342)	(1,868)
Net cash provided by financing activities	<b>(18,789)</b>	35,504
Net increase (decrease) in cash	<b>20,730</b>	(9,491)
Cash, at beginning of year	<b>145,285</b>	154,776
Cash, at end of year	<b>\$ 166,015</b>	\$ 145,285

*(Continued)*

# The Strand Theatre of Shreveport Corporation

## Statements of Cash Flows (Concluded)

Reconciliation of cash and restricted cash: The following provides a reconciliation of unrestricted cash and restricted cash reported within the statements of cash flows that sum to the total of the same such amounts shown in the statements of cash flows:

<i>Years Ended May 31,</i>	<b>2019</b>	2018
Cash, unrestricted	<b>\$146,691</b>	\$130,016
Cash, restricted	<b>19,324</b>	15,269
<b>Total cash</b>	<b>\$166,015</b>	\$145,285

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

# The Strand Theatre of Shreveport Corporation

## Summary of Accounting Policies

### Summary of Accounting Policies

This summary of accounting policies of The Strand Theatre of Shreveport Corporation (the “Strand”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

### Nature of Business

The Strand Theatre of Shreveport Corporation is a nonprofit corporation organized under the laws of the State of Louisiana. The Strand was incorporated September 17, 1976 and operates primarily to provide live entertainment attractions for Shreveport and the surrounding community and to promote the performing arts.

Substantially all of the Strand’s revenue is from the sale of admissions to the Strand sponsored events, fundraising and sponsorships, rentals, and grant income.

### Method of Accounting

The Strand uses the accrual basis of accounting. Net assets without donor restrictions, liabilities, revenue and expenses are those items acquired or incurred through the Strand’s normal fund-raising efforts and production activities. Net assets with donor restrictions, liabilities, revenue and expenses include those items acquired or received through the Strand’s normal fund-raising efforts as well as those items received or incurred pursuant to grants from various agencies, the use of which is governed by restrictions placed thereon by the donors. Net assets with donor restrictions may be used only for the purposes for which the donor or grantor contributed such funds.

### Financial Statement Presentation

The Strand has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Strand 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. Prior year net assets have been reclassified to reflect current year classifications. As permitted by the statement, the Strand does not use fund accounting.

# The Strand Theatre of Shreveport Corporation

## Summary of Accounting Policies (Continued)

### Financial Statement Presentation - Continued

#### Net Assets

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.

### Revenue Recognition

The Strand reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of 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 are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted support on which the restriction expires in the same year received are reported net assets without donor restrictions.

### 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 periods. Actual results could differ from those estimates. Significant estimates in the financial statements are depreciation and amortization of property and equipment and fair market value of beneficial interest in net assets of the Strand Building Fund.

### Property and Equipment

The Strand capitalizes property and equipment with useful lives over three years. Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Works of art are capitalized at their fair market value on donation and, pursuant to FASB Accounting Standards Codification 958, *Not-For-Profit Entities*, are not depreciated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

# The Strand Theatre of Shreveport Corporation

## Summary of Accounting Policies (Continued)

<b>Deferred Revenue</b>	Deferred revenue consists of ticket sales and payments received in advance for theatrical productions to be performed in the following fiscal year and proceeds from fund raising efforts related to the following fiscal year. Amounts related to deferred revenue for 2019 and 2018 were \$165,407 and \$223,807, respectively.
<b>In-kind Contributions and Contributed Services</b>	<p>The Strand receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the organization. The value of contributed services meeting the requirements for recognition in the financial statements for 2019 and 2018 was not material and has not been recorded.</p> <p>Other income in the statements of activities includes \$27,750 of in-kind contributions of donated fixed assets and facility improvements for the year ended May 31, 2018.</p>
<b>Concentrations of Credit Risk</b>	The Strand serves a limited geographic area. Due to the nature of its operations, the Strand is dependent upon the local community and the health of the local economy in which it operates.
<b>Income Taxes</b>	<p>The Strand is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. The Strand is not a private foundation within the meaning of Section 509(a) and there was no unrelated net business taxable income for the years ended May 31, 2019 and 2018. Accordingly, no provision for income taxes has been made in the financial statements.</p> <p>The Strand has adopted ASC 740, <i>Accounting for Uncertainty in Income Taxes</i>. Management has evaluated the Strand's tax positions and concluded that the Strand 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 Strand to lose its tax-exempt status. The income tax filings for the Strand's years ending in 2018 through 2019 are subject to examination by taxing authorities.</p>
<b>Functional Expenses</b>	The costs of providing program and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis.

# The Strand Theatre of Shreveport Corporation

## Summary of Accounting Policies (Concluded)

### Functional Expenses - Continued

The expenses that have been allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Payroll taxes and benefits	Time and effort
Salary and wages	Time and effort

### Collective Bargaining Agreement

Certain wages paid by the Strand were covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions and is effective through August 31, 2021 which was subsequently renewed.

### Statements of Cash Flows

For purposes of the statements of cash flows, the Strand considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, including restricted funds not pledged as collateral or for long-term purposes, to be cash equivalents.

### Pension Plan

Beginning in 2017, the Strand established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). The Strand's pension costs under the plan for the years ended May 31, 2019 and 2018 were \$7,248 and \$7,749, respectively.

### Advertising

The Strand expenses advertising as it is incurred. The Strand expended \$29,213 and \$40,157 in the years ended May 31, 2019 and 2018, respectively, for advertising.

### Inventory

Inventories, consisting primarily of beverages and snacks sold for consumption at theatrical events on the premises, are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis.

### Subsequent Events

Management evaluated events subsequent to the Strand's most recent year end through June 24, 2021, the financial statement issuance date.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating revenues and short-term investment valuations. 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, impact on customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Strand's financial condition or results of operations is uncertain.

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements

- 1. Cash** Included in cash as of May 31, 2019 and 2018 are interest-bearing accounts totaling \$126,341 and \$126,268, respectively.

At May 31, 2019, \$0 in demand deposits exceeded Federal Depository insurance limits.

- 2. Property and Equipment** Major classes of property and equipment consist of the following:

	2019	2018
Land	\$ 96,000	\$ 96,000
Theatre and improvements	6,213,545	6,179,080
Theatrical equipment	272,131	263,018
Office furniture and equipment	87,110	81,704
	<u>6,668,786</u>	<u>6,619,802</u>
Less accumulated depreciation and amortization	3,279,814	3,082,984
	<u>\$3,388,972</u>	<u>\$3,536,818</u>

- 3. Notes Payable** The Organization has a \$100,000, variable rate (4% at May 31, 2019) revolving line-of-credit with a bank secured by a \$100,000 certificate of deposit. The outstanding balance as of May 31, 2019 and 2018 was \$70,091 and \$87,433, respectively.

- 4. Employee Benefit Plan** The Strand uses hourly employees who belong to the International Alliance of Theatrical Stage Employees Union and are covered under the IATSE National Benefit Funds pension plan. Benefits paid to union employees for years ended May 31, 2019 and 2018 were \$5,876 and \$6,215, respectively.

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

### 5. Leases

The Strand has adopted FASB ASC 842, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible lease right-to-use asset (“ROU”).

The Strand has the following lease obligations as of May 31, 2019:

Office equipment with an initial present value of \$7,239, an implicit annual interest rate of 6% included in 60 monthly payments of \$140 beginning April 2018, and with an option to purchase the equipment for \$1 at the end of the lease term.

The following schedule summarizes lease information as of:

May 31,	2019	2018
Expenses:		
Operating lease expense	\$ -	\$1,500
Finance lease expense		
Amortization of ROU asset	1,447	121
Interest on lease liability	233	19
Total lease expense	\$1,680	\$1,640

Cash paid for amounts included in the measurement of lease and liabilities for finance leases as of:

May 31,	2019	2018
Operating cash flows	\$ 233	\$ 19
Financing cash flows	1,447	121
Total cash paid for finance leases	\$1,680	\$140

Cash paid for amounts included in the measurement of lease and liabilities for operating leases as of:

May 31,	2019	2018
Operating cash flows	\$ -	\$1,500
Total cash paid for operating leases	\$ -	\$1,500

*Continued*



# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

### 5. Leases (continued)

The following summarizes ROU assets obtained in exchange for lease liabilities as of:

May 31,	2019	2018
Finance leases	\$5,671	\$7,118
Total	\$5,671	\$7,118

The following summarizes the weighed average remaining lease term (in years) as of May 31, 2019:

Finance leases	3.8
Operating leases	-

The following summarizes the weighted average discount rate as of May 31, 2019:

Finance leases	6%
Operating leases	-

	Finance	Operating
Maturity Analysis		
2020	\$1,679	\$ -
2021	1,679	-
2022	1,679	-
2023	1,539	-
Total	6,576	-
Less: Present value discount	(905)	-
Lease liability	\$5,671	\$ -

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

6. **Related Party Transactions**                      The Strand’s general insurance agent is a member of the board. The annual premium cost paid to the agency, with which this individual is associated, was \$85,025 and \$79,763 for the years ended May 31, 2019 and 2018, respectively.

7. **Supplemental Cash Flows Information**                      Cash paid for interest was \$3,970 and \$3,850 for the years ended May 31, 2019 and 2018, respectively. There was no cash paid for income taxes in either 2019 or 2018.

8. **Net Assets**    Net assets with donor restrictions are restricted for the following purposes:

May 31,	2019	2018
Portion of building restricted until December 31, 2036 (Note 13)	\$550,000	\$550,000
Net assets whose earnings and capital appreciation may be used for capital improvement (see Note 10)	200,000	200,000
Net assets of Strand Building Fund restricted for capital improvements	25,273	32,309
Net assets required to be retained until used for capital improvements	19,324	15,269
Net assets required to be retained as collateral for a bank line-of-credit	100,000	100,000
Total net assets with donor restrictions	\$894,597	\$897,578

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

### 9. Investments

Short-term investment at May 31, 2019 comprises one certificate of deposit with a cost and current market value of \$100,994 maturing on July 1, 2019. The Strand has pledged this asset as collateral on its line-of-credit identified in Note 3.

### 10. Strand Building Fund

On April 11, 2016 the Strand entered into a Designated Agency Endowment Fund Agreement with the Community Foundation of North Louisiana (the "Foundation") to establish the Strand Building Fund (the "Fund"). Under the terms of the agreement, the Strand invested \$100,000 cash from net assets without donor restrictions which was matched by a \$100,000 donation from the Foundation as a perpetually restricted contribution to be deposited into the Fund.

Under the terms of the Fund, the Foundation has ownership of the funds while the Strand retains a beneficial interest in the earnings and capital appreciation, which may be withdrawn to pay for repairs, maintenance, and other capital improvements to the Strand building in accordance with the Foundation's spending policy. Distributions from the Fund in excess of earnings and capital appreciation can only be made for special purposes as approved by the Foundation's board of directors.

The fair market value of the Fund at May 31, 2019 and 2018 was \$225,273 and \$232,309; respectively. The following comprises the net earnings of the Fund reported in the statements of activities:

	2019	2018
Fund distributions included in grant income	\$ 8,990	\$ 8,722
Unrealized gain (loss)	(16,026)	7,493
Net earning (loss)	\$ (7,036)	\$16,215

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

- 11. Work of Art** Work of Art comprises an 18<sup>th</sup> century Waterford Chandelier.
- 12. Endowment Account** In 1998, the Strand entered into an agreement with the Community Foundation of North Louisiana (the "Foundation"), the agreement establishes an Agency Endowment Fund at the Foundation called "The Strand Theatre Fund". All property of the fund belongs to the Foundation. The fund will be used for support of the charitable purposes of the Strand. Net income and capital appreciation of the fund, as governed by the Foundation's spending policy, will be paid and distributed to the Strand at least annually, for as long as the Strand is a qualified charitable organization.
- The fair market value of the fund on the records of the Foundation at May 31, 2019 and 2018 was \$79,208 and \$81,694, respectively. Income received by the Strand from the fund used for operations for the years ended May 31, 2019 and 2018 was \$3,165 and \$3,106, respectively.
- 13. Building Mortgage** On April 9, 2015, as part of the terms of a \$550,000 grant to replace its roof, the Strand executed a first mortgage in favor of the foundation making the grant (the "Grantor"). The mortgage will remain in place through December 31, 2036. As a condition of the grant, the Strand agrees not to mortgage or transfer ownership of the building through December 31, 2036. Should the Strand do so, the entirety of the grant will be repayable to the Grantor.
- 14. Availability of Financial Asset** The following reflects the Strand'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 include amounts set aside in the Strand Building Fund that could be drawn upon if the governing boards approves that action. However, amounts already appropriated from the Strand Building Fund for general expenditure within one year of the statements of financial position have not been subtracted as unavailable.

(Continued)

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Continued)

**14. Availability of  
Financial Assets  
(continued)**

	<b>2019</b>	2018
Financial assets at year end	<b>492,282</b>	477,594
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investment in the Strand Building Fund held in perpetual trust	(200,000)	(200,000)
Investment in the Strand Building Fund subject to appropriation and satisfaction of donor-imposed restrictions	(25,273)	(32,309)
Donations restricted by donor with time or purpose restrictions	(19,324)	(15,269)
Short-term investments required to be retained as collateral	(100,000)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	<b>147,685</b>	130,016

The Strand's financial assets available within one year of the statement of financial position date for general expenditures are as following

	<b>2019</b>	2018
Cash and cash equivalents	<b>146,691</b>	130,016
Short-term investments	944	-
Total financial assets	<b>147,635</b>	130,016

**15. Change in  
Accounting Principle**

The Strand elected to adopt the provisions of ASC 842 – *Leases* early, as of the year ended May 31, 2018. Under ASC 842, the Strand is required to record a Right of Use asset and a corresponding lease liability for both operating and financing leases. Previously, operating leases were not required to be recognized on the balance sheet.

For the year ended May 31, 2019, the Strand adopted the Financial Accounting Standard Update (ASU) No. 2016-14 - *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures.

(Continued)

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements (Concluded)

**15. Change in  
Accounting Principle  
(continued)**

With respect to these financial statements, the major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring the presentation of an analysis of expenses by function and nature and along with a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of financial resources, and (d) presenting investment return net of external and direct expenses.

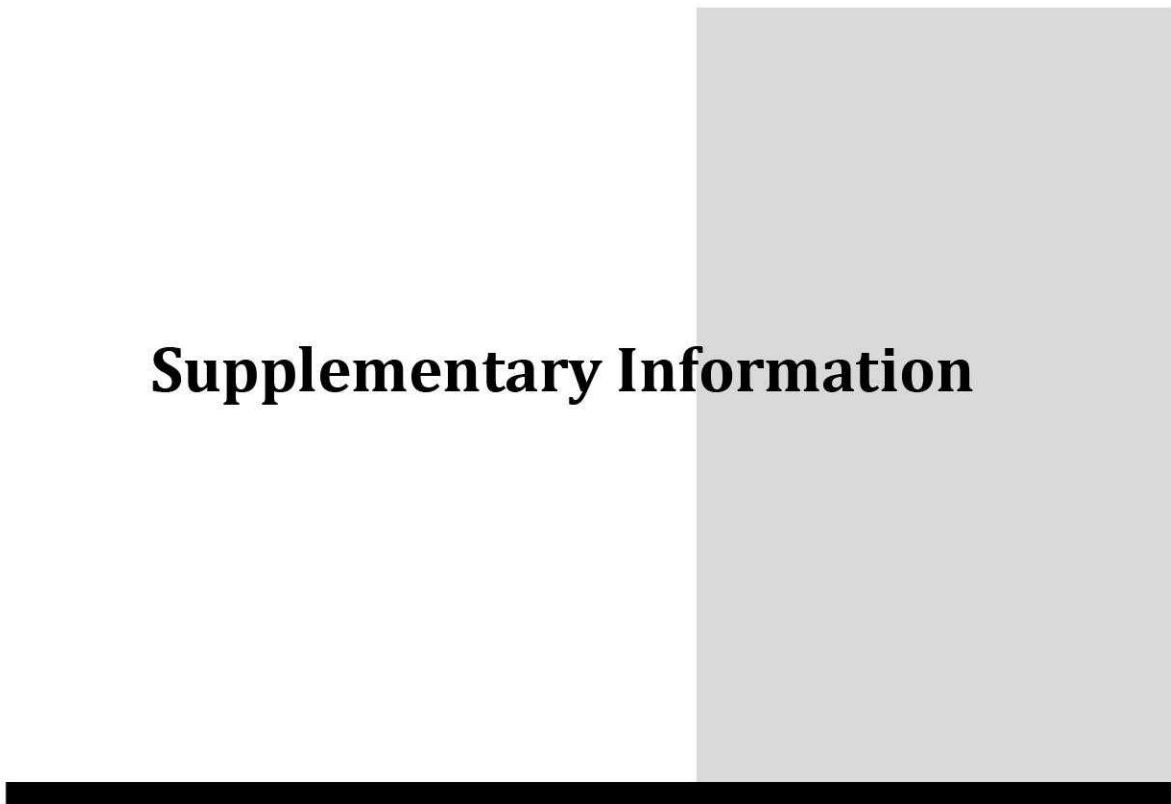
Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. The Strand’s net assets previously reported as temporarily or permanently restricted are now reported as net assets with donor restrictions. Likewise, the Strand’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

**16. Prior Period  
Adjustment**

Management determined deferred revenues were overstated as previously reported for the year ended May 31, 2018. The statement of financial position and statement of activities as of May 31, 2018 were restated as follows:

	As Originally Reported	As Restated
<b>Statement of Financial Position</b>		
Deferred revenues	\$ 269,059	\$ 223,807
Total current liabilities	394,399	349,147
Total liabilities	401,517	356,265
Unrestricted net assets	2,860,743	2,905,995
Total net assets	3,758,321	3,803,573
<b>Statement of Activities</b>		
Ticket sales	490,268	535,520
Total support and revenues	1,180,081	1,225,333
Decrease in net assets	(225,202)	(179,950)
Net assets, end of year	3,758,321	3,803,573

# **Supplementary Information**



# The Strand Theatre of Shreveport Corporation

## Schedule of Compensation, Benefits and Other Payments to Agency Head

*Year Ended May 31, 2019*

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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 2015 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 Strand Theatre of Shreveport Corporation is not required to report the total compensation, reimbursements, and benefits paid to Ms. Jenifer Hill, the Executive Director, as none of those payments were made from public funds.



# The Strand Theatre of Shreveport Corporation

## Schedule of Findings

### **Current Findings:**

#### 2019-001 – Late Filing of Report

##### Condition

The Organization failed to comply with state law (LA R.S. 24:513) since the annual report for the year ended May 31, 2019 was not submitted to the Louisiana Legislative Auditor's Office until after November 30, 2019, the statutory due date.

##### Criteria

Pursuant to Louisiana Revised Statute 24:513, financial statements are required to be filed with the Louisiana Legislative Auditor no later than six months after an entity's fiscal year end.

##### Cause

Management required additional time to obtain sufficient and reliable documentation to support audit procedures.

##### Effect

The Organization was not in compliance with the state audit law.

##### Recommendation

Management should implement processes to ensure financial statements are timely filed.

##### Management's response and plan of corrective action

Management agrees with this finding and will ensure timely filing of financial statements in the future.

# The Strand Theatre of Shreveport Corporation

## Status of Prior Year Findings

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken	Correction Action/Partial Corrective Action Taken
2018-001	2018	Late Filing of Report	No	Repeated as 2019-001