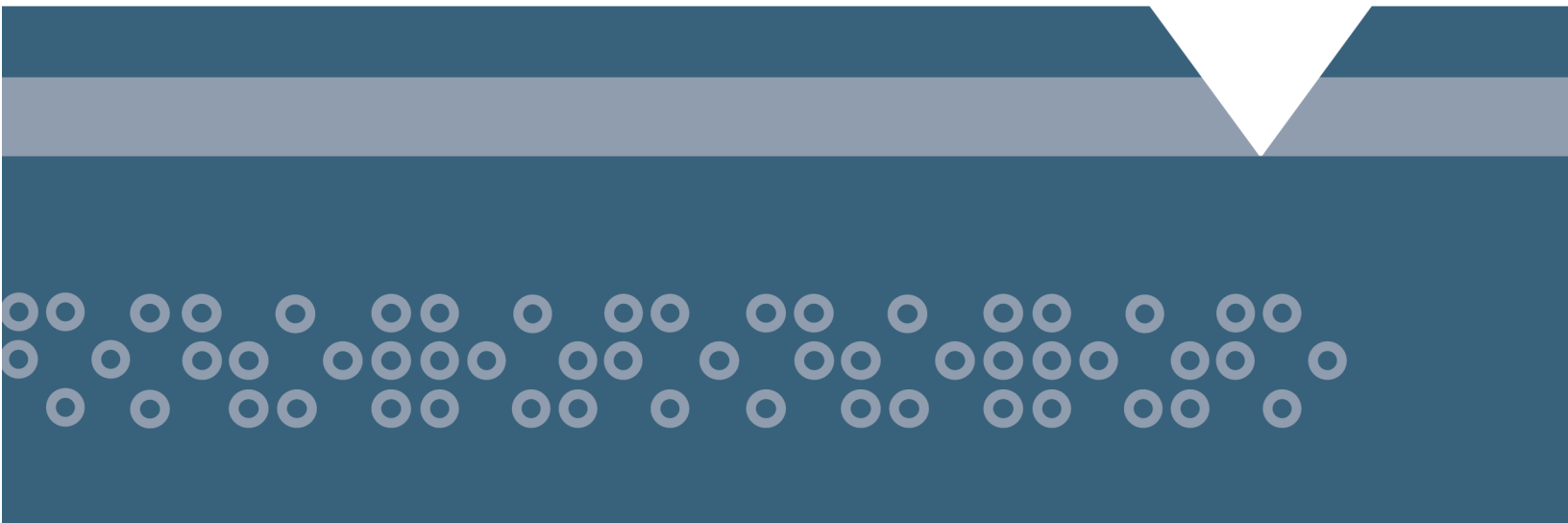


Film Prize Foundation, Inc.
Shreveport, Louisiana

December 31, 2025 and 2024



FILM PRIZE FOUNDATION, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



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Film Prize Foundation, Inc.
Shreveport, Louisiana

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Film Prize Foundation, Inc. (the "Foundation") (a nonprofit organization) which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Film Prize Foundation, Inc. as of December 31, 2025 and 2024, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2024 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 GAAS and *Government Auditing Standards*, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2026

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash	\$ 25,124	\$ 97,930
Investments	6,230	-
Contributions and grants receivable	28,313	56,593
Other assets	<u>2,263</u>	<u>-</u>
Total current assets	61,930	154,523
Property and equipment, net	<u>7,157</u>	<u>11,057</u>
Total assets	<u><u>\$ 69,087</u></u>	<u><u>\$ 165,580</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 85,896	\$ 69,474
Accrued expenses	3,969	4,273
Due to related parties	266,324	284,491
Current maturities of long-term debt	<u>4,894</u>	<u>4,754</u>
Total current liabilities	361,083	362,992
Long-term liabilities:		
Long-term debt	118,057	122,952
Deferred revenue	<u>30,000</u>	<u>-</u>
Total long-term liabilities	<u>148,057</u>	<u>122,952</u>
Total liabilities	509,140	485,944
Net assets (deficit):		
Without donor restrictions	(440,053)	(330,364)
With donor restrictions	<u>-</u>	<u>10,000</u>
Total net assets (deficit)	<u>(440,053)</u>	<u>(320,364)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 69,087</u></u>	<u><u>\$ 165,580</u></u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 37,400	\$ 308,983	\$ 346,383
Donations and sponsorships	814,104	-	814,104
Ticket sales	381,965	-	381,965
Other revenues	160,288	-	160,288
Net assets released from restriction:			
Satisfaction of donor restrictions	318,983	(318,983)	-
Total revenues and support, net of release	1,712,740	(10,000)	1,702,740
Expenses:			
Program services	1,557,955	-	1,557,955
General and administrative	264,474	-	264,474
Total expenses	1,822,429	-	1,822,429
Change in net assets	(109,689)	(10,000)	(119,689)
Net assets (deficit), beginning of year, as restated	(330,364)	10,000	(320,364)
Net assets (deficit), end of year	<u>\$ (440,053)</u>	<u>\$ -</u>	<u>\$ (440,053)</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 243,663	\$ 424,772	\$ 668,435
Donations and sponsorships	800,372	-	800,372
Ticket sales	384,883	-	384,883
Other revenues	110,599	-	110,599
Net assets released from restriction:			
Satisfaction of donor restrictions	434,772	(434,772)	-
Total revenues and support, net of release	1,974,289	(10,000)	1,964,289
Expenses:			
Program services	1,432,979	-	1,432,979
General and administrative	375,724	-	375,724
Total expenses	1,808,703	-	1,808,703
Change in net assets	165,586	(10,000)	155,586
Net assets (deficit), beginning of year	(495,950)	20,000	(475,950)
Net assets (deficit), end of year	<u>\$ (330,364)</u>	<u>\$ 10,000</u>	<u>\$ (320,364)</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Festival and special events	\$ 529,367	\$ -	\$ 529,367
Contract labor	231,447	8,939	240,386
Salaries and wages	175,836	54,639	230,475
Awards and prizes	166,043	-	166,043
Travel	88,978	15,618	104,596
Advertising and promotion	80,935	2,081	83,016
Design and printing costs	79,027	907	79,934
Other	71,532	32,844	104,376
Payroll taxes and benefits	33,111	(4,220)	28,891
Credit loss expense	-	-	-
Technology	4,820	18,891	23,711
Professional fees	29,985	70,563	100,548
Meals and entertainment	37,990	4,413	42,403
Insurance	-	20,653	20,653
Security	13,575	-	13,575
Rent	6,038	18,509	24,547
Office expenses	4,400	3,802	8,202
Depreciation	-	6,479	6,479
Interest	-	7,997	7,997
Supplies	4,675	2,359	7,034
Utilities and telephone	196	-	196
Total expenses	<u>\$ 1,557,955</u>	<u>\$ 264,474</u>	<u>\$ 1,822,429</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Festival and special events	\$ 427,817	\$ -	\$ 427,817
Contract labor	231,756	38,099	269,855
Salaries and wages	191,550	86,617	278,167
Awards and prizes	175,976	-	175,976
Travel	76,092	21,725	97,817
Advertising and promotion	65,924	11,498	77,422
Design and printing costs	89,176	1,560	90,736
Other	45,565	29,049	74,614
Payroll taxes and benefits	35,851	12,705	48,556
Credit loss expense	-	1,321	1,321
Technology	11,782	15,029	26,811
Professional fees	25,435	91,791	117,226
Meals and entertainment	28,387	2,307	30,694
Insurance	-	10,399	10,399
Security	11,320	-	11,320
Rent	3,630	23,953	27,583
Office expenses	4,189	5,378	9,567
Depreciation	-	7,527	7,527
Interest	-	14,153	14,153
Supplies	8,529	2,594	11,123
Utilities and telephone	-	19	19
Total expenses	<u>\$ 1,432,979</u>	<u>\$ 375,724</u>	<u>\$ 1,808,703</u>

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

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (119,689)	\$ 155,586
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	6,479	7,527
Noncash donated securities	(6,230)	-
Changes in operating assets and liabilities:		
Receivables	28,280	25,681
Other assets	(2,263)	-
Accounts payable	16,422	(7,026)
Accrued expenses	(304)	(4,279)
Deferred revenue	30,000	-
Due from related parties	(18,167)	(135,000)
Net cash (used in) provided by operating activities	<u>(65,472)</u>	<u>42,489</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(2,579)</u>	<u>-</u>
Net cash (used) in investing activities	<u>(2,579)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	<u>(4,755)</u>	<u>(4,618)</u>
Net cash (used) in financing activities	<u>(4,755)</u>	<u>(4,618)</u>
Net (decrease) increase in cash	(72,806)	37,871
Cash at beginning of year	<u>97,930</u>	<u>60,059</u>
Cash at end of year	<u>\$ 25,124</u>	<u>\$ 97,930</u>
Supplemental Disclosures:		
Cash paid for interest	<u>\$ 7,997</u>	<u>\$ 14,153</u>

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

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. Nature of Activities

The Film Prize Foundation, Inc. (the “Foundation”) is a Louisiana nonprofit 501(c)(3) corporation formed in 2012. The objective of the Foundation is to promote short film productions in the Northwest Louisiana area by having an annual contest. Individuals across the country are invited to shoot a short film centered in the Shreveport and Bossier City, Louisiana area with winners receiving grants and prizes. The Foundation supports other local activities by having additional contests and festivals including the Louisiana Startup Prize, Louisiana Music Prize, Film Prize Jr., and Louisiana Food Prize.

2. Summary of Accounting Policies

Basis of Accounting

These financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“GAAP”). As required by GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless the use of the asset is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Accordingly, net assets and changes therein are classified as follows:

- Net assets without donor restrictions. Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.
- Net assets with donor restrictions. Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Foundation is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

The Foundation applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

The Foundation is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns remain subject to examination for three years by the Internal Revenue Service.

Cash

Cash includes amounts on deposit at local financial institutions.

Investments

Investments in marketable securities are reported at fair value based on quoted market prices. Donated securities are recorded at fair value at the date of contribution. Realized and unrealized gains and losses are included in the change in net assets.

Contributions and Grants Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Grants receivable represent billings which are based on expense reimbursement contracts with government agencies. Grants receivable are stated at the amount management expects to collect from outstanding balances. The Foundation expects all receivables to be collectible within one year.

Property and Equipment

Property and equipment are recorded at cost if purchased and fair market value if donated. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Useful lives for property and equipment range from 5 to 8 years. Repair and maintenance costs are expensed as incurred; major betterments and renewals are capitalized.

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized if the assets are not recoverable, and the fair value is less than the carrying value.

Contributions, Grants, and Revenue Recognition

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

A portion of the Foundation's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions.

Sales revenues for festival tickets and merchandise are recognized when tickets and items are sold or as services are provided at a point in time. Revenue for these performance obligations, satisfied at a point in time, is generally recognized when goods or services are provided to customers and the Foundation is not required to provide additional goods or services related to that sale. The Foundation did not have performance obligations that were unsatisfied or partially unsatisfied at December 31, 2025 or 2024.

Advertising Costs

The Foundation uses advertising to promote its programs and events to the audiences it serves. Advertising costs are expensed as incurred and totaled \$83,016 and \$77,422 for the years ended December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

The statements of activities and statements of functional expenses report expenses by both natural and functional classification. Certain expenses have been allocated directly by their natural expenditure classification of program services or general and administrative. Costs are typically charged to the function they benefit. However, some costs are allocated between program services and general and administrative services, as determined by management on an equitable basis. Salaries and benefits are allocated based on time and effort.

3. Receivables

Receivables as of December 31, 2025 and 2024, consists of contributions and grants receivable of \$28,313 and \$56,593, respectively. All receivables are expected to be collected within one year.

4. Property and Equipment

Property and equipment as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Furniture, fixtures, and equipment	\$ 41,598	\$ 39,019
Property and equipment, at cost	41,598	39,019
Less accumulated depreciation and amortization	(34,441)	(27,962)
Property and equipment, net	<u>\$ 7,157</u>	<u>\$ 11,057</u>

Depreciation expense amounted to \$6,479 and \$7,527 for the years ended December 31, 2025 and 2024, respectively.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

5. Restrictions on Net Assets

At December 31, 2025, the Foundation had no net assets with donor restrictions. Net assets in the amount of \$318,983 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

At December 31, 2024, the Foundation had net assets with donor restrictions in the amount of \$10,000. Net assets in the amount of \$434,772 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

6. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the date of the statements available to meet cash needs for general expenditures within one year:

	<u>2025</u>	<u>2024</u>
Financial assets, at year-end	\$ 61,930	\$ 154,523
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor for use	-	10,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 61,930</u>	<u>\$ 144,523</u>

7. Long-Term Debt

Long-term debt consists of the following:

	<u>2025</u>	<u>2024</u>
2.75% note payable to U.S. Small Business Administration ("SBA"), due April 2050, funded under the SBA's Economic Injury Disaster Loan program, collateralized by property and equipment	\$ 122,951	\$ 127,706
Total	122,951	127,706
Less: current maturities	(4,894)	(4,754)
Long-term debt	<u>\$ 118,057</u>	<u>\$ 122,952</u>

The aggregate amounts of long-term debt maturing in each of the next five years and thereafter are as follows:

2026	\$ 4,894
2027	5,038
2028	5,187
2029	5,339
2030	5,496
2031 and thereafter	96,997
Total maturities	<u>\$ 122,951</u>

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

8. Conditional Promises

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after December 31, 2025. Future funding of such awards is conditioned upon the Foundation's operation of certain events and incurrence of certain costs. Because such awards represent conditional promises to the Foundation, they have not been recognized in the financial statements at December 31, 2025. Such conditional promises amounted to approximately \$500,000 at December 31, 2025.

9. Concentration of Credit Risk

The Foundation maintains cash deposits at certain financial institutions which, at times, may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash.

10. Related Party Transactions

The Foundation subleases office space from a related party on month-to-month terms. The operating lease provides for a monthly rental of \$1,573 for the twelve months ending December 31, 2025. Rent expense for this property for 2025 and 2024 was \$18,876 and \$18,303, respectively. The monthly rental payments were made directly to the landlord.

The Foundation received funds totaling \$136,270 in 2025 and \$100,269 in 2024 from a related party for services rendered under a grant. These funds are shown on the financial statements under Other Revenues.

The Foundation has balances due upon demand to three related parties, which do not bear interest. The total amounts due to related parties as of December 31, 2025 and 2024, were \$266,324 and \$284,491, respectively.

11. Deferred Revenue

Deferred revenue was \$30,000 and \$0 as of December 31, 2025 and 2024, respectively. Deferred revenue represents sponsorship payments received in advance for future periods.

12. Restatement

Subsequent to the issuance of the Foundation's 2024 financial statements, management identified that certain revenue was recognized in 2025 but should have been recorded in 2024. Accordingly, the 2024 financial statements have been restated to correct the timing of revenue recognition, resulting in an increase in 2024 revenue and change in net assets without donor restrictions, with a corresponding decrease in 2025 revenue. This adjustment reflects the proper period of revenue recognition.

2024 line item	As previously reported	Adjustment	As restated
Revenue	\$ 1,946,696	\$ 27,593	\$ 1,974,289
Change in net assets without donor restrictions	137,993	27,593	165,586
Net assets without donor restrictions	(357,957)	27,593	(330,364)
Total net assets	(347,957)	27,593	(320,364)

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2026. No material subsequent events have occurred since December 31, 2025, that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

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 Foundation is not required to report the total compensation, reimbursements, and benefits paid to Gregory Kallenberg, Executive Director during the year ended December 31, 2025, as none of those payments was made from public funds.

OTHER REPORTS



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Film Prize Foundation, Inc.
Shreveport, Louisiana

**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***

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 Film Prize Foundation, Inc., which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 30, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 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 second paragraph 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 identified certain deficiencies in internal control that we consider to be material weaknesses. These material weaknesses are described in the accompanying schedule of findings and responses as Findings 2025-01 and 2025-02. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
June 30, 2026

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Film Prize Foundation, Inc.
2. There are two material weaknesses reported for the year ended December 31, 2025.
3. No instances of noncompliance material to the financial statements of Film Prize Foundation, Inc. were disclosed during the audit.
4. Film Prize Foundation, Inc. was not subject to a federal single audit.

B. Findings - Financial Statement Audit

2025-01 Internal Controls over Accounts Payable

Condition and Criteria: During a search for unrecorded liabilities, it was noted that vendor invoices for goods and services received throughout the period under audit were not accrued as required. According to generally accepted accounting principles (GAAP), expenses should be recognized in the same period as the related services or goods are received, regardless of when the invoice is received or paid.

Cause and Consequence: There is no formalized process for identifying and accruing expenses related to services received but not yet invoiced at the end of the accounting period. The failure to accrue for these services resulted in an understatement of accounts payable and expenses.

Recommendation/Corrective Action: HMV recommends that management review invoices received subsequent to year-end and adjust the general ledger and accounts payable subsidiary ledger for any items that are payable at year-end.

2025-02 Internal Controls over Revenue Related to Grants/Sponsorships

Condition and Criteria: As a result of test work performed over revenue related to grants and sponsorships, it was noted that certain revenues were not recognized in the proper reporting period. Specifically, instances were identified in which (1) multi-year sponsorship revenue was recognized entirely in the current period rather than over the applicable periods, and (2) revenue recorded in the current period should have been recognized in a prior period. In certain cases, this resulted in a restatement of previously issued financial statements.

According to generally accepted accounting principles (GAAP), revenue should be recognized in the period in which it is earned, based on the underlying nature and timing of the related activities.

Cause and Consequence: Grants and sponsorships are received throughout the year and may relate to activities occurring across multiple reporting periods. However, the Foundation does not have a formalized process to evaluate whether such revenues are recognized in the appropriate period, either at the time of receipt or during the year-end close process.

As a result, revenue and change in net assets without donor restrictions have been misstated between reporting periods, including both overstatement of revenue in the current period and misstatements requiring adjustment or restatement of prior period financial statements.

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

Recommendations/Corrective Action: HMV recommends that management implement a formal review process for grants and sponsorships to ensure revenue is recognized in the proper accounting period. This process should include evaluation at the time of receipt and at year-end, with consideration given to the purpose, terms, and timing of the related activities to ensure compliance with GAAP.

C. Findings and Questioned Costs – Major Federal Award Programs

Not applicable

FILM PRIZE FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

2024-01: Internal Controls over Accounts Payable

Status: Unresolved – repeated as 2025-01.

2024-02: Internal Controls over Revenue Related to Grants/Sponsorships

Status: Unresolved – repeated as 2025-02.