Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ARTS COUNCIL OF NEW ORLEANS

AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arts Council of New Orleans
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arts Council of New Orleans (a nonprofit organization) (Arts Council), which comprise the statements 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 the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts Council as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, which raise substantial doubt about Arts Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Arts Council'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, which raise substantial doubt about Arts Council'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 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 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 schedule of compensation, benefits, and other payments to agency head 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 15, 2026 on our consideration of the Arts Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Arts Council's 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 Arts Council's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Arts Council's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 15, 2026

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 385,187	$ 359,863
Restricted Cash	233,781	433,472
Accounts Receivable	187,980	573,087
Investments	5,560,506	7,002,671
Deposits	1,900	3,300
Total Current Assets	6,369,354	8,372,393
Non-Current Assets		
Art Collection	24,125	24,125
Fixed Assets, net	45,361	73,942
Total Non-Current Assets	69,486	98,067
TOTAL ASSETS	$ 6,438,840	$ 8,470,460
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	$ 46,792	$ 193,708
Accrued Expenses	2,409	5,144
Grants Payable	159,338	191,601
Refundable Advances	4,339,213	5,987,142
Total Current Liabilities	4,547,752	6,377,595
TOTAL LIABILITIES	4,547,752	6,377,595
NET ASSETS		
Without Donor Restrictions	1,500,862	1,515,057
With Donor Restrictions	390,226	577,808
TOTAL NET ASSETS	1,891,088	2,092,865
TOTAL LIABILITIES & NET ASSETS	$ 6,438,840	$ 8,470,460

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

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Grant Income	$ 1,467,439	$ 201,322	$ 1,668,761	$ 1,110,469
Contributions	59,537	90,000	149,537	912,872
Contracts	1,115,864	-	1,115,864	587,974
Earned Income	97,004	-	97,004	217,392
Investment Income	306,913	-	306,913	307,201
Regranting Income	-	552,190	552,190	559,048
Released from Restrictions	1,031,094	(1,031,094)	-	-
TOTAL REVENUES AND OTHER SUPPORT	4,077,851	(187,582)	3,890,269	3,694,956
EXPENSES				
Program Services:				
Luna Fete	183,903	-	183,903	593,981
Public Art	2,076,579	-	2,076,579	1,014,936
Regranting Program	621,407	-	621,407	613,230
Youth Artist Movement	640,734	-	640,734	653,595
Arts Market	98,884	-	98,884	97,236
Supporting Services:				
Management and General	308,343	-	308,343	159,296
Fundraising	158,063	-	158,063	301,594
TOTAL EXPENSES	4,087,913	-	4,087,913	3,433,868
CHANGE IN NET ASSETS	(10,062)	(187,582)	(197,644)	261,088
NET ASSETS, BEGINNING OF YEAR	1,515,057	577,808	2,092,865	1,831,777
PRIOR PERIOD ADJUSTMENT	(4,133)	-	(4,133)	-
NET ASSETS, END OF YEAR	$ 1,500,862	$ 390,226	$ 1,891,088	$ 2,092,865

ARTS COUNCIL OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services			
	Luna Fete	Public Art	Regranting Program	Youth Artist Movement	Arts Market	Management and General	Fundraising	2025 Total	2024 Total
Salaries and Wages	$ 84,250	$ 191,572	$ 37,800	$ 231,625	$ 36,975	$ 191,725	$ 99,000	$ 872,947	$ 711,323
Retirement Contributions	2,172	4,810	261	5,658	1,433	1,322	2,130	17,786	15,513
Other Employee Benefits	25,344	30,429	7,372	31,922	6,124	8,141	24,840	134,172	112,897
Payroll Taxes	6,505	15,345	3,742	18,801	2,862	13,153	7,827	68,235	56,703
Professional Fees	3,699	8,411	1,660	26,969	1,623	8,824	4,346	55,532	51,298
Supplies	(36)	40,318	-	25,042	3,835	4,021	470	73,650	74,422
Information Technology	3,480	7,167	4,005	15,814	4,368	9,373	2,082	46,289	47,684
Contracted Services	8,500	225,677	7,000	85,886	660	4,035	750	332,508	295,284
Artist Fees and Services	27,333	1,224,136	-	94,539	7,100	-	600	1,353,708	926,094
Occupancy	7,717	45,886	2,963	26,341	15,186	13,690	6,962	118,745	105,884
Travel	2	2,202	341	30,934	394	3,351	12	37,236	26,798
Catering and Food	1,669	4,577	35	14,414	953	5,862	150	27,660	70,100
Conventions, Conferences and Meetings	-	176	1,817	-	-	6,213	1,561	9,767	2,289
Events and Rental Expense	6,645	174,834	-	10,991	4,385	96	-	196,951	232,671
Marketing and Communications	1,577	23,600	-	6,350	4,045	8,794	1,500	45,866	49,725
Insurance	2,190	4,980	983	7,711	1,061	4,984	2,574	24,483	24,033
Depreciation	2,758	6,272	1,238	7,583	1,211	6,277	3,241	28,580	27,495
Bad Debt Expense	-	60,000	-	-	-	7,500	-	67,500	6,105
Other Expenses	98	6,187	-	154	6,669	10,982	18	24,108	34,135
Regranting Expense	-	-	552,190	-	-	-	-	552,190	563,415
TOTAL EXPENSES	$ 183,903	$ 2,076,579	$ 621,407	$ 640,734	$ 98,884	$ 308,343	$ 158,063	$ 4,087,913	$ 3,433,868

The accompanying notes are an integral part to these financial statements.

ARTS COUNCIL OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (197,644)	$ 261,088
Prior Period Adjustment	(4,133)	-
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation	28,580	27,495
(Increase)/Decrease in Operating Assets:		
Accounts Receivable	385,107	(326,295)
Prepaid Expense	1,400	(1,400)
Increase/(Decrease) in Operating Liablities:		
Accounts Payable	(146,915)	117,962
Grants Payable	(32,263)	(126,279)
Accrued Expenses	(2,735)	558
Refundable Advances	(1,647,929)	1,712,340
NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES	(1,616,532)	1,665,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(1,600,615)
Purchases of Fixed Assets	-	(25,366)
Proceeds from Sale of Investments	1,442,165	-
NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES	1,442,165	(1,625,981)
NET CHANGE IN CASH AND EQUIVALENTS AND RESTRICTED CASH	(174,367)	39,488
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	793,335	753,847
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 618,968	$ 793,335

The accompanying notes are an integral part to these financial statements.

NOTE 1 – ORGANIZATION AND BACKGROUND

The Arts Council of New Orleans, d/b/a Arts New Orleans (Arts Council), is a Louisiana nonprofit corporation recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the officially designated community arts agency for the City of New Orleans. Since 1975, Arts Council has served as a catalyst for the city's cultural economy by supporting artists, youth, cultural organizations, creative entrepreneurs, and community-based arts initiatives. Through public art, grantmaking, arts education, workforce development, cultural programming, and creative placemaking, Arts Council advances equitable access to the arts and strengthens quality of life throughout the greater New Orleans region.

Now in its fifth decade, Arts Council invests in New Orleans' greatest cultural assets, its artists, youth, and creative communities. The organization fosters artistic excellence, expands opportunities for cultural participation, and leverages the arts as a tool for economic development, education, public safety, and community well-being. Through its programs and services, Arts Council helps build a more vibrant, inclusive, and resilient city.

Building on the community's abundant cultural wealth and creativity, Arts Council envisions a New Orleans in which arts and culture play a central role in civic life, neighborhood revitalization, workforce development, and economic growth. The organization believes that artists and youth are essential to the city's future and works to ensure that creative expression and cultural opportunity remain accessible to all.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting
Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of Arts Council are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Reporting
The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-3, Financial Statements of Not-for-Profit Organizations. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Arts Council and changes therein are classified as follows:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Arts Council. These net assets may be used at the discretion of Arts Council's management and the board of directors. The revenues received in conducting the mission of Arts Council are included in this category.

Net assets with donor restrictions

Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Arts Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are recognized as revenues with donor restrictions and reported as releases from restrictions when a stipulated time restriction ends, or purpose restriction is accomplished.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the year ended December 31, 2025 and 2024, there were no non-financial assets donated.

Earned Income

Arts Council receives concessions and ticket sales during its special events. Also, Arts Council rents space for its monthly arts markets. These amounts are recognized into revenue on the date of the events, which is when the relevant performance obligations are fulfilled. Arts Council has applied the adopted revenue recognition standard, ASU Topic 606, *Revenue from Contracts with Customers,* to the earned income revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracted Services

Arts Council provides public art services through contracts with municipalities, nonprofit organizations, and private companies. Because the primary beneficiary of the contracts are the general public and various artists, the contracted services are accounted for as non-exchange transactions. Advanced receipts of funds with contractual stipulations are treated as conditional contributions until the contracted services have been performed. The timing of revenue recognition, billings, and collections results in billed contract related service receivables which are included in accounts receivable on the statements of financial position.

During the year ended December 31, 2025 and 2024, revenue derived from contracted services included in contracts on the statement of activities are as follows:

	2025	2024
Contracted Services	$ 1,115,864	$ 587,974

Board Designated Net Assets

Arts Council's governing board has designated $288,709 and $255,851 from net assets without donor restrictions to serve as an emergency reserve as of December 31, 2025 and 2024, respectively.

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Arts Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements.

Restricted Cash

The City of New Orleans made it a requirement that the Arts Council hold cash restricted for the Community Arts Grants and the Percent of Art program (Note 11) in a designated bank account. At December 31, 2025 and 2024, Arts Council held $222,486 and $390,516 respectively in separate bank accounts in connection with this agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Grants Receivable and Allowance for Doubtful Accounts

Grants and accounts receivable consist of amounts due to Arts Council for services provided through December 31st that have not yet been collected. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Arts Council records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2025 and 2024, management has determined that all amounts were collectible, and no allowance was necessary.

Pledges Receivable

Arts Council records unconditional promises to give as pledges receivable on the statements of financial position. Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are to be received. At December 31, 2025 and 2024 there were no outstanding pledges receivable.

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

Investments other than mutual funds are valued at the fair value of the trust investments as reported to Arts Council by the trustees and include the use of Net Asset Values (NAV) as the primary input to measure fair value.

Contributed Artwork

Arts Council has paintings and sculptures in its possession. This artwork is recorded at its appraised value at the time of donation. The carrying value of the artwork at December 31, 2025 as well as 2024 was $24,125.

Fixed Assets

Arts Council follows the practice of capitalizing, at cost, all expenditures for assets with an economic life greater than one year in excess of $1,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Furniture and equipment - 5 Years
Leasehold improvements - 5 Years

Impairment of Long-lived assets

Arts Council reviews long-lived assets, consisting of property and equipment and contributed artwork, and cost in excess of net assets acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. Arts Council determines the recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded for the years ended December 31, 2025 or 2024.

Advertising

Arts Council expenses marketing and communications expense as incurred. Marketing and communications expense were $45,866 and $49,725 for the years ended December 31, 2025 and 2024, respectively and are recorded as marketing and communications expense in the statements of functional expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various program and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses that are identified with a specific program or support service are charged directly according to the natural classification. Other shared costs have been allocated among the various program and supporting services based on usage or other estimates made by management.

Income Taxes

Arts Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to Arts Council's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Arts Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Arts Council's evaluation as of December 31, 2025 and 2024 revealed no tax positions that would have a material impact on the financial statements. Arts Council does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Leases

The Organization determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Organization establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in Operating Lease ROU Asset and Operating Lease Liability on the accompanying balance sheet. Finance leases, if any, are included in Finance Lease ROU Asset and Finance Lease Liability.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Organization is reasonably certain to exercise, as well as any period that the Organization has control over the asset before the stated initial term of the agreement. If the Organization determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Organization lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organizations use the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization does not recognize ROU assets and lease liabilities for leases with a term of twelve (12) months or less. The Organization also does not recognize ROU assets and lease liabilities for leases with immaterial cumulative lease payments over the course of the lease term.

NOTE 3 – LIQUIDITY AND AVAILIBILTY OF FINANCIAL ASSETS

The following reflects Arts Council's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available also include amounts set aside by the Board of Directors that could be drawn upon if the board approves that action.

Detailed Listing:	**2025**
Cash and Cash Equivalents	$ 385,187
Accounts Receivable	187,980
Investments	5,560,506
Total	$ 6,133,673

Summarized Comparative Footnote Table:

	2025	2024
Financial Assets	$ 6,133,673	$ 7,935,621
Less those unavailable for general expenditures within one year due to:		
Net Assets with Donor Restrictions	(390,226)	(577,808)
Board Designated Reserve	(288,709)	(255,851)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,454,738	$ 7,101,962

As part of Arts Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Arts Council invests cash in excess of daily requirements in certificates of deposit or an investment fund with a community foundation. Although Arts Council does not intend to spend from its certificates of deposit or investment fund other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from those sources could be made available if necessary.

NOTE 4 – INVESTMENTS

Arts Council maintains an unrestricted fund at the Greater New Orleans Foundation (GNOF). This fund is in an investment pool managed by GNOF and consists of equity, fixed income, money market funds, and other investments determined by GNOF. The balance of the fund as of December 31, 2025 and 2024 was $283,261and $255,851, respectively, classified as Level 2 in the fair value hierarchy. Arts Council has also invested in fixed income securities. The balance of the fixed securities as of December 31, 2025 and 2024 was $5,277,245 and $6,746,820, respectively, classified as Level 1 in the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, Arts Council's assets at fair value as of December 31, 2025 and 2024, respectively:

2025	Level 1	Level 2	Level 3	Fair Value
Fixed Income - Government Bonds	$ 5,277,245	$ -	$ -	$ 5,277,245
GNOF Investment Pool	-	283,261	-	283,261
Total Investments	$ 5,277,245	$ 283,261	$ -	$ 5,560,506

2024	Level 1	Level 2	Level 3	Fair Value
Fixed Income - Government Bonds	$ 6,746,820	$ -	$ -	$ 6,746,820
GNOF Investment Pool	-	255,851	-	255,851
Total Investments	$ 6,746,820	$ 255,851	$ -	$ 7,002,671

Investment earnings and Interest income accrued totaled $294,715 for the year ended December 31, 2025 and $249,918 for the year ended December 31, 2024 and are included in investment income on the statements of activities.

NOTE 5 – FIXED ASSETS

Fixed Assets are recorded at cost and are summarized as follows by major classification:

	2025	2024
Equipment, Furniture and Fixtures	180,864	$ 180,864
Less: Accumulated Depreciation	(135,503)	(106,922)
Net Fixed Assets	$ 45,361	$ 73,942

Depreciation expenses were $28,580 and $27,495 during the years ended December 31, 2025 and 2024, respectively.

NOTE 6 – GRANTS PAYABLE

Grants payable represents amounts owed to recipients of arts grants awarded by Arts Council but not yet paid. Final payments are made upon receipt of final reports from the recipients. Grants payable totaled $159,338 and $191,601 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2025 and 2024:

	2025	**2024**
Purpose Restrictions:		
Airport Project	$ 100,000	$ 100,000
Apple Corporation	90,000	201,076
Convention Center	-	41,000
DDD Light Art	36,500	-
Feathers of Hope	-	12,500
Housing Authority of New Orleans	126,500	7,500
Lafitte Greenway	3,165	2,025
Luna Fete	30,822	-
NEA New Media Salon	-	15,657
New Orleans East Project	-	60,000
Unframed Superbowl	3,239	138,050
Total Net Assets With Donor Restrictions	$ 390,226	$ 577,808

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets are released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes. Net assets were released from the following restrictions during the years ended December 31, 2025 and 2024:

	2025	2024
Released from Restrictions:		
Apple	$ 201,076	$ 505,245
Convention Center	41,000	51,500
Feathers of Hope	12,500	107,500
HANO	7,500	-
Kellog Mural	-	1,625
Lafitte Greenway	6,360	9,225
LUNA Fete	-	513,657
NEA New Media	15,657	7,342
NEA Our Town - OC Halley	-	22,972
NO East	60,000	-
Percent Interest Earned	-	273,207
Regranting Programs	552,190	559,048
Unframed Superbowl	134,811	3,950
Youth Artist Movement Project	-	176,882
Total Released From Restrictions	$ 1,031,094	$ 2,232,153

NOTE 8 – EMPLOYEE BENEFIT PLAN

Arts Council has a 403(b)-thrift plan that covers all employees. Participants can contribute a percentage of their compensation to the Plan and receive a 50% matching employer contribution up to 4% of their deferral. Employees are immediately fully vested in both employee and employer contributions. Arts Council's retirement contributions for the years ended December 31, 2025 and 2024 were $17,786 and $15,513, respectively. The expense for these contributions is included in retirement contributions on the statements of functional expenses.

NOTE 9 – CONCENTRATIONS

Arts Council maintains its cash and cash equivalent balances in local financial institutions, which may, at times, exceed amounts covered by Federal Deposit Insurance Corporation (FDIC) insurance of up to $250,000 per financial institution. Arts Council's cash balance did not exceed the FDIC insurance limit for the years ended December 31, 2025 and 2024. Arts Council has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

NOTE 10 – COMMITMENTS

Operating Leases

Arts Council leases office premises with base monthly payments of $1,400, plus a varying usage fee. The lease expired in a prior year and was renewed on a month-to-month basis. The lease expense under this lease totaled $16,800 for the year ended December 31, 2025 and $35,922 for the year ended December 31, 2024. The office lease expense is included in occupancy expense on the statements of functional expenses.

Arts Council also rents equipment and space for its programming events on a short-term basis. The event and equipment rental expenses incurred for short-term rentals totaled $193,831 and $39,997 for the years ended December 31, 2025 and 2024, respectively, and is included in events and rental expense on the statements of functional expenses.

Arts Council entered into a month-to-month rental agreement beginning in September 2022 for seven (7) storage units with a base monthly payment of $3,098, plus insurance fees. The total rental expense under this lease for the years ended December 31, 2025 and 2024 was $33,815 and $26,846, respectively, and is included in occupancy expense on the statements of functional expenses.

Since Arts Council is paying rent on a month-to-month basis, future minimum lease payments as of December 31, 2025 would include just one month of rent. Thus, no additional schedule is provided. Per Arts Council's lease policy, and in accordance with FASB Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), Arts Council does not recognize right-of-use assets and lease liabilities for leases with a term of twelve (12) months or less. Arts Council also does not recognize right-of-use assets and lease liabilities for leases with immaterial cumulative lease payments over the course of the lease term.

NOTE 11 – CONTRACTS WITH CITY OF NEW ORLEANS

Since 1986, Arts Council has entered into annual agreements with the City of New Orleans (the City) relating to the establishment of the Percent for Art Program under which one percent of the cost of eligible city capital projects is used to fund certain works of art. Arts Council's ongoing tasks include developing an Annual Art Plan to carry out the implementation of selected art projects, and short-term and long-term coordination and planning for the program.

Arts Council records grant funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source. Arts Council incurred expenditures of $212,500 in 2025 and 2024 for administrative duties performed to accomplish the agreed upon tasks. Refundable advances totaled $4,339,213 in 2025 and $5,987,142 in 2024, all of which were related to the Percent for Art Program.

The Cooperative Endeavor Agreement (CEA) between the City of New Orleans and the Arts Council of New Orleans will provide up to $7,500,000 of funding in order to conduct the purpose of the CEA. The full maximum amount authorized by the agreement will not be made available to Arts Council at once. Instead, only the appropriate portion (1.5%) of the applicable bond funds received by the City shall be made available. The purpose of the agreement is to promote public art in public spaces in the City of New Orleans. Arts Council must submit invoices monthly to the City electronically, for goods or services provided under the CEA. As noted above, any funding received in advance of incurring eligible expenses are recorded as refundable advances.

NOTE 12 – ENDOWMENT FUNDS

Annually, Arts Council receives distributions from several endowment funds established at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by GNOF. The funds were donated to GNOF for the benefit of Arts Council. GNOF utilizes an endowed spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on Arts Council's financial statements.

The balances of these funds are as follows:

Fund	Initial Donation	Net Appreciation	Balance at December 31, 2025	Balance at December 31, 2024
Koch	$ 210,000	$ 233,807	$ 443,807	$ 405,315
Billion	50,000	88,538	138,538	126,522
Stern	25,000	86,824	111,824	102,126

NOTE 12 – ENDOWMENT FUNDS (CONTINUED)

Distributions received from these funds totaled $23,206 for the year ended December 31, 2025 and $23,159 for the year ended December 31, 2024 and are included in contributions on the statement of activities.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of June 15, 2026, which is the date of these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments required to these financial statements.

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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*

To the Board of Directors of
Arts Council of New Orleans

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 New Orleans (a nonprofit organization), which comprise the statements 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 the financial statements, and have issued our report thereon dated June 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arts Council of New Orleans 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 Arts Council of New Orleans internal control. Accordingly, we do not express an opinion on the effectiveness of Arts Council of New Orleans 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Arts Council of New Orleans 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 on the effectiveness of Arts Council of New Orleans internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arts Council of New Orleans internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 15, 2026

ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION I - SUMMARY OF AUDITOR'S REPORTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Arts Council of New Orleans.

2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' 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*.

3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' 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*.

4. A separate management letter was not issued for the year ended December 31, 2025.

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no findings during the year ended December 31, 2025.

ARTS COUNCIL OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

There were no findings noted in the prior year audit.

ARTS COUNCIL OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Total compensation, benefits, and other payments	**$ 0**

There was no compensation, benefits or payments to the agency head that were derived from public funds, including state, local and federal pass-through.

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ARTS COUNCIL OF NEW ORLEANS

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Governing Board of Arts Council of New Orleans
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Arts Council of New Orleans' management is responsible for those C/C areas identified in the SAUPs.

Arts Council of New Orleans has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

   Results: *The policies and procedures appropriately address the required elements above.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: *Per review of the Financial Management Manual PBC document, we noted information pertaining to how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process of purchase requisitions and purchase orders. However, the manual is missing information pertaining to controls that ensure compliance with the public bid law and required documentation.*

Management's Response: *Management concurs with the finding. While the Arts Council of New Orleans, a nonprofit organization recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code maintains written purchasing procedures, the Financial Management Manual did not specifically address controls related to compliance with the Louisiana Public Bid Law or documentation requirements for bids and price quotations. Because the organization is a nonprofit corporation and generally is not subject to the Louisiana Public Bid Law, these provisions were not included.*

c) ***Disbursements***, including processing, reviewing, and approving

Results: *The policies and procedures appropriately address the required elements above.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: *The policies and procedures appropriately address the required elements above.*

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: *The policies and procedures appropriately address the required elements above.*

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

Results: *We observed that the Financial Management Manual PBC document did not include information pertaining to contracting, including the types of services requiring* *written contracts, standard terms and conditions, legal review, the approval process, or the monitoring process.*

Management's Response: *Management concurs with the finding. The Financial Management Manual did not contain a dedicated contracting section outlining required contract types, standard terms and conditions, legal review procedures, approval authorities, and contract monitoring practices. Although these procedures are followed operationally, they were not formally documented. Management will update the Financial Management Manual during 2026 to include comprehensive contracting policies and procedures.*

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: *The policies and procedures appropriately address the required elements above.*

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: *Information regarding dollar thresholds by category of expense was not mentioned in the Operational Policies Manual dated 5.21.23 or the updated Manual with a subsequent date of 3.6.24.*

Management's Response: *Management concurs with the finding. The Arts Council's travel and reimbursement policies identify allowable expenses and required documentation and did not establish specific dollar thresholds by expense category for travel in accordance with the federal government in 2025. Our policies were updated to include travel reimbursement policies in 2026.*

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable, as the Entity is a nonprofit.*

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

Results: *Not applicable, as the Entity is a nonprofit.*

k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

   Results: *Information regarding disaster recovery and business continuity was not mentioned in the Financial Management Manual PBC document.*

   Management's Response: *Management concurs with the finding. While the organization maintains cloud-based systems that is managed by an Information Technology contractor, data backup procedures, cybersecurity measures, and operational recovery practices, these procedures were not formally documented within the Financial Management Manual. These systems and information are included in the Arts Council's contract with the IT Contractor, and the Council will continue to operate remotely in case of a hurricane or other disaster (once team members and their families are out of harm's way). Management will develop and adopt a written Disaster Recovery and Business Continuity Plan addressing critical data backups, off-site storage, restoration testing, cybersecurity safeguards, system updates, and recovery responsibilities during fiscal year 2026.*

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

   Results: *Not applicable, as the Entity is a nonprofit.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

      Results: *The Board met quarterly. No exceptions noted.*

   b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or* *included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

***Results**: The Entity report on the nonprofit model. We observed that the minutes referenced financial activity of the Entity on a monthly basis, including any public funds. No exceptions noted.*

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

***Results**: Not applicable, as the Entity is a nonprofit.*

d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

***Results**: Not applicable, as the entity is a nonprofit.*

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

***Results:** We obtained the listing of bank accounts and management's representation that the listing was complete. We selected the month of December 2025 for the testing below.*

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Results**: Per review of the 7 bank reconciliations and bank statements, we noted that all 7 had evidence of being reconciled. In addition, those 7 accounts were reconciled within 2 months of year-end.*

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: *We noted that there were no initials, nor was there any evidence they were being reviewed by management.*

Management's Response: *Management concurs with the finding. Bank reconciliations were prepared timely; however, evidence of management review was not consistently documented. Management will implement a formal review process requiring documented electronic or written approval of all bank reconciliations by an individual independent of cash handling, check issuance, and accounting entry functions.*

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Results: *We noted no reconciling items that had been outstanding for more than 12 months. No exceptions noted.*

d) Review completed within 1 month of the date the reconciliation was prepared.

Results: *We were unable to determine if the review was completed within 1 month of the date the reconciliation was prepared.*

Management's Response: *Management concurs with the finding. Although reconciliations were reviewed as part of routine financial oversight, evidence of the review date was not maintained. Management will strengthen documentation procedures to ensure that all bank reconciliation reviews are dated and completed within one month of preparation.*

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select all deposit sites (or all deposit sites if less than 5).

Results*: The Entity's Office located at 935 Gravier St., Ste. 300, New Orleans, LA 70112. is the only deposit site where deposits are prepared.*

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 2 collection locations for 2 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees responsible for cash collections do not share cash drawers/registers.

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

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: *The Entity's office is the only collection location. The Entity has a clear segregation of duties that is noted in the written policies and procedures. No exceptions noted.*

5. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: *N/A as entity does not collect cash.*

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

Results: *We randomly selected two deposits dates for each bank account selected for procedure 3 above, obtained supporting documentation for each deposit, and performed the procedures below. We noted no exceptions.*

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select all locations (or all locations if less than 5).

***Results**: Management confirmed that payment processing is all performed from 935 Gravier St., Ste. 300, New Orleans, LA 70112.*

8. For each location above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

***Results:** We obtained a list of the employees involved and the written policies and procedures relating to employee job duties relating to non-payroll purchasing and payment functions and observed that the job duties are properly segregated.*

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

9. For each location selected under #3 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

***Results**: We noted no exceptions during our examination of non-payroll disbursements.*

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

10. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

***Results**: Reviewer has reviewed and inspected documentation and determined that the electronic disbursements were approved by authorized personnel. All purchases were approved by COO. Upon review, no exceptions were noted.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

3. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

***Results:** We obtained a listing of all active cards, which consisted of only credit cards, and management's representation that the listing is complete.*

4. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

***Results:** We noted that the credit card statements did not show evidence that they were reviewed and approved by someone other than the authorized card holder.*

***Management's Response:** Management concurs with the finding. Credit card statements were reviewed as part of monthly financial oversight; however, evidence of review and* *approval by someone other than the cardholder was not consistently documented in early 2025. The Arts Council began to use Fyle credit card approval system (now Sage) in December 2025, and all credit card statements and supporting documentation are reviewed and approved by a supervisor or other authorized individual independent of the cardholder, and evidence of such review was maintained beginning in December 2025.*

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *We noted that no finance charges or late fees were assessed in the month that we tested. No exceptions noted.*

5. Using the monthly statements or combined statements selected under #4 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: *We noted no exceptions for the transactions we were able to test.*

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

6. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: *We noted the Entity used the mileage rates established by the State of Louisiana. No exceptions noted.*

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

Results: *We observed itemized receipts detailing each transaction. No exceptions noted.*

c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results*: We noted sufficient documentation of business purpose for each reimbursement. No exceptions noted.*

d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results*: We noted proper approval for each reimbursement. No exceptions noted.*

Contracts

11. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: *Not applicable. We noted that none of the vendors selected were subject to the Louisiana Public Bid Law.*

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

Results: *Not applicable. We noted the Entity is not required to obtain board approval for contracts.*

c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: *Reviewer has reviewed and inspected all contracted that originated or renewed in 2025. Upon review, no exceptions noted.*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *Reviewer has reviewed and inspected all contracted that originated ore renewed in 2025. Upon review, no exceptions were noted.*

Payroll and Personnel

7. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *We obtained a listing of employees and agreed their paid salaries to personnel files. No exceptions noted.*

8. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #08 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *Arts Council did not maintain timesheets. Employees are salaried at fixed rates and have clear roles but are not held to one project/task unless the individual is contracted. Employees are given unlimited PTO but must get approval from their supervisor before using it at any time. There are no compensated absences.*

9. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

***Results**: No former employee received a termination payment during the fiscal year. Each former employee received their last paycheck for hours worked.*

10. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    ***Results**: The Entity confirmed that employer and employee portions of third-party payroll have been paid, and any associated forms have been filed, by required deadlines.*

Ethics

11. ***Results:** Section is not applicable, as the Entity is a non-profit.*

Debt Service

12. ***Results:** Section is not applicable, as the Entity is a non-profit.*

Fraud Notice

13. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    ***Results**: There were no misappropriations during the fiscal year.*

14. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    ***Results**: Notice is posted on the Entity's website. No exceptions noted.*

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

   a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

   Results: *We performed the procedure and discussed the results with management*

   b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

   Results: *We performed the procedure and discussed the results with management*

   c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

   Results: *We performed the procedure and discussed the results with management*

   d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in prior procedures. Observe evidence that the selected terminated employees have been removed or disabled from the network.

   Results: *We performed the procedure and discussed the results with management*

   e) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documents from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training by R.S. 42:1267. The requirements are as follows:

   a. Hired before June 9, 2020 – completed the training
   b. Hired on or after June 9,2020 – completed the training withing 30 days of initial service or employment.

Results: *We performed the procedure and discussed the results with management.*

Sexual Harassment

15. ***Results:*** *Section is not applicable, as the Entity is a non-profit.*

We were engaged by Arts Council of New Orleans to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Arts Council of New Orleans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 15, 2026