

ARTS AND HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA, INC.
(A Non-Profit Corporation)

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

August 31, 2018

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Gragson, Casiday & Guillory, L.L.P.
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March 15, 2019

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Arts and Humanities Council of Southwest Louisiana, Inc.
Lake Charles, LA

We have reviewed the accompanying financial statements of Arts and Humanities Council of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The accompanying 2017 financial statements of Arts and Humanities Council of Southwest Louisiana, Inc. were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America in our report dated February 14, 2018, but we have not performed any procedures in connection with that review engagement since that date.

Supplemental Information

The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the review procedures and applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplemental information. We have not audited the supplemental information and do not express an opinion on such information.

Gragson, Casiday & Guillory

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION

August 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 95,456	\$ 63,658
Property and equipment, net of accumulated depreciation	<u>-</u>	<u>-</u>
Total assets	<u>\$ 95,456</u>	<u>\$ 63,658</u>
LIABILITIES		
Accounts payable – trade	\$ 1,294	\$ 2,760
Refundable advances	52,833	43,705
Accrued liabilities	<u>-</u>	<u>440</u>
Total current liabilities	<u>54,127</u>	<u>46,905</u>
NET ASSETS	<u>41,329</u>	<u>16,753</u>
Total liabilities and net assets	<u>\$ 95,456</u>	<u>\$ 63,658</u>

See accompanying notes and independent accountants' review report.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

Year Ended August 31, 2018

	<u>2018</u>	<u>2017</u>
Revenues and other support:		
Memberships	\$ 2,100	\$ 4,550
Fundraising	121,455	132,333
Grants	161,592	156,529
Grant administrative	77,659	71,024
Interest	459	542
Special projects	420	30,136
Donations	1,500	8,980
Miscellaneous	<u>2,311</u>	<u>3,472</u>
Total revenues and other support	<u>367,496</u>	<u>407,566</u>
Expenses		
Program services:		
Arts and Humanities Program	89,004	101,158
Decentralized Arts Program	156,850	153,624
Specialized projects	266	25,374
Support services:		
Management and general	43,020	53,815
Fundraising	<u>53,780</u>	<u>67,950</u>
Total expenses	<u>342,920</u>	<u>401,921</u>
Change in net assets	24,576	5,645
Net assets, beginning of year	<u>16,753</u>	<u>11,108</u>
Net assets, end of year	<u>\$ 41,329</u>	<u>\$ 16,753</u>

See accompanying notes and independent accountants' review report.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS

Year Ended August 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 24,576	\$ 5,645
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in:		
Accounts payable – trade	(1,466)	443
Refundable advances	9,128	(4,272)
Accrued expenses	<u>(440)</u>	<u>(162)</u>
Net cash provided (used) by operating activities	<u>31,798</u>	<u>1,654</u>
Net increase (decrease) in cash and cash equivalents	31,798	1,654
Cash and cash equivalents, beginning of year	<u>63,658</u>	<u>62,004</u>
Cash and cash equivalents, end of year	<u>\$ 95,456</u>	<u>\$ 63,658</u>

See accompanying notes and independent accountants' review report.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Arts and Humanities Council of Southwest Louisiana, Inc. (the Council) is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of activities

The Arts and Humanities Council of Southwest Louisiana, Inc. was incorporated in 1979 as a nonprofit corporation organized under the laws of the state of Louisiana for the purpose of fostering, promoting, supporting and providing, cultural events and arts programming of the highest quality for Southwest Louisiana. The Council is operated by staff with oversight by a volunteer Board of Directors. Accordingly, contributions to the Council are qualified as charitable donations.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification, *Financial Statements of Non-For-Profit-Organization, (ASC 958-205)*. Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Public support and expenses

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. The Council relies heavily on grants (government and other) and general public donations to support its operations.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Contributions of donated noncash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing skills, and would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received. The Council receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under FASB ASC 958-605-55-52 have not been satisfied.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Grant revenue recognition

Grants that represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and refundable advances.

The Council receives grants which apply to programs whose duration extends into the subsequent year. Revenue and expenses are recognized on these grants each fiscal year when earned. At August 31, the unexpended portion of the grant is included in refundable advances. In the case of grants received for general operations that apply to a designated time period, income is recognized on a pro-rata basis.

Grants that represent contributed support are recognized in the same manner as promises to give.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of cash flows

For the purpose of the Statement of Cash Flows, the Council considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Property and equipment

Property and equipment has been recorded at cost, or if donated at the approximate fair market value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset. Property and equipment is depreciated over 3-7 years.

The Council follows the practice of capitalizing all property and equipment in excess of \$500.

Membership dues and admission fees

Membership dues are recognized as revenue in the applicable membership period. Admission fees are recorded as revenue in the period when fees are due.

Income Taxes

The Council is a nonprofit organization generally not subject to income taxes according to the provisions of Federal Internal Revenue Code Section 501(c)3 and Louisiana State income tax laws and regulations and, in accordance with an Internal Revenue Service is not a private foundation as defined in Federal Internal Revenue Code Section 509(a)(i).

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited and supporting activities based on management's analysis of the benefit received by supporting and program services. Direct program expenses are allocated 100% to program services.

Subsequent Events

Management has evaluated subsequent events through March 19, 2019, the date the financial statements were available to be issued.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2018 consists of the following:

Furniture	\$ 3,056
Equipment	<u>24,888</u>
	27,944
Less accumulated depreciation	<u>(24,944)</u>
	<u>\$ -</u>

Depreciation expense for the year ended August 31, 2018 is \$0.

NOTE 3 – DONATED ASSETS AND SERVICES

There have been no amounts reflected in the statements for donated voluntary man hours since the criteria for recognition under FASB ASC 958-605-55-52 have not been satisfied. A substantial number of volunteers have donated significant amounts of their time the Council's support and program services.

NOTE 4 – GRANTS FROM GOVERNMENTAL AGENCIES AND OTHER ORGANIZATIONS

The Council has been awarded grants from various state and local governments and other organizations to provide funding for arts and cultural projects and organizations in Calcasieu Parish. The grants are considered to be exchanged transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended August 31, 2018 was follows:

Refundable advances, beginning of year	\$ 43,705
Grant receipts	169,036
Grant expenditures	<u>(159,908)</u>
	<u>\$ 52,833</u>

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

NOTE 5 – COMPENSATED ABSENCES

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly no liability has been recorded in the accompanying financial statements. The Council's policy is to recognize the costs of compensated absences when they are actually paid to employees.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Council maintains its cash accounts in two local commercial banks. Accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At August 31, 2018, the Council had no uninsured cash balances.

NOTE 7 – CONTINGENT LIABILITIES

The Council receives grants for specific purposes that are subject to review and audit by the agency providing funding. Such reviews and audit could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

NOTE 8 – ECONOMIC DEPENDENCY

The Council receives the majority of its revenues from funds provided through various federal, state and private grants. If significant budget cuts are made at the federal, state, or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Local agencies, in Lake Charles, assist in trying to offset these budget reductions by giving donations. The Council is currently working on more fundraising for the upcoming year.

SUPPLEMENTAL INFORMATION

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2018

	Program Services			Support Services		Total
	Arts and Humanities	Decentralized Arts	Special Projects	Management and General	Fundraising	
Arts fest	\$ 1,675	\$ -	\$ -	\$ -	\$ -	\$ 1,675
Bank/Credit Card charges	-	-	-	635	-	635
Employee benefits	2,537	-	-	1,053	313	3,903
Fundraisers expense	-	-	-	-	44,365	44,365
Grant expense	-	156,850	-	-	-	156,850
Insurance	-	-	-	291	-	291
Legal and professional	118	-	-	5,000	-	5,118
Membership/subscription	897	-	-	-	-	897
Miscellaneous	1,054	-	-	-	-	1,054
Panel meeting	69	-	-	287	-	356
Payroll taxes	6,600	-	-	2,742	812	10,154
Postage	-	-	-	488	-	488
Public relations	369	-	-	-	-	369
Repairs and maintenance	6,025	-	-	-	-	6,025
Salaries	67,354	-	-	27,978	8,290	103,622
Supplies	-	-	266	2,951	-	3,217
Telephone	1,595	-	-	1,595	-	3,190
Travel	711	-	-	-	-	711
Total expenses	<u>\$ 89,004</u>	<u>\$ 156,850</u>	<u>\$ 266</u>	<u>\$ 43,020</u>	<u>\$ 53,780</u>	<u>\$ 342,920</u>

See Independent Accountants' Review Report

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

Year Ended August 31, 2018

Agency Head: Ashli Waldrep

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 44,100
Benefits - insurance	4,521
Travel	412
Special meals	315

LOUISIANA ATTESTATION QUESTIONNAIRE

Gragson, Casiday & Guillory
P.O. Drawer 1847
Lake Charles, LA 70602

March 15, 2019

In connection with your review of our financial statements as of August 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we will make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include all matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes No

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513. Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law). Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer. Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments. Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations. Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations. Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures. Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report. Yes [] No []

Gragson, Casiday & Guillory
March 15, 2019
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We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of the report. Yes No

The previous responses have been made to the best of our belief and knowledge.

Ashli Waldrep Executive Director

ARTS AND HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA, INC.
LAKE CHARLES, LA

AGREED-UPON PROCEDURES

YEAR ENDED August 31, 2018



INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES

March 15, 2019

To the Board of Directors
 Arts and Humanities Council of Southwest Louisiana, Inc.
 Lake Charles, LA

We have performed the procedures enumerated below, which were agreed to by the Arts and Humanities Council of Southwest Louisiana, Inc. and the Louisiana Legislative Auditor solely to assist the specified parties in evaluating Arts and Humanities Council of Southwest Louisiana, Inc.'s compliance with certain laws and regulations during the year ended August 31, 2018. Management is responsible for the Arts and Humanities Council of Southwest Louisiana, Inc.'s compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Determine the amount of federal, state and local award expenditures for the fiscal year by grant and grant year.

For the fiscal year ended August 31, 2018, the Council did not receive or expend any federal grants. The following are the expenditures for the state and local grants for the fiscal year ended August 31, 2018.

<u>State or Local Grant Name</u>	<u>Grant Year</u>	<u>Amount</u>
State of Louisiana Division of the Arts (DAF)	2015-2016	\$ 336
	2016-2017	6,481
	2017-2018	40,497
City of Lake Charles (LCP)	2016-2017	432
	2017-2018	4,346
	2018-2019	14,828
Southwest LA Convention and Visitors Bureau (TMI)	2016-2017	3,063
	2017-2018	9,148
	2018-2019	34,609

Calcasieu Parish Police Jury (CPPJ)	2016-2017	\$ 619
	2017-2018	11,775
	2018-2019	<u>33,774</u>
Total expenditures		<u>\$ 159,908</u>

2. For each of the federal, state and local awards, randomly selected 24 disbursements for each award administered during the period under examination, provided that no more than 30 disbursements are to be selected.

We randomly selected a total of 30 disbursements to test.

3. For the items selected in procedure 2, trace the disbursements to supporting documentation as to proper amount and payee.

We traced the disbursements to supporting documentation and found that all payments were for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, determine if the disbursements were properly coded to the correct fund and general ledger account.

We determined that the disbursements were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, determine whether the disbursements received approval from proper authorities.

We determined that the disbursements received proper approval from proper authorities.

6. For the items selected in procedure 2, determine whether the disbursements complied with the grant agreement related to activities allowed, eligibility and reporting.

We determined that the disbursements complied with activities allowed, eligibility and reporting.

7. For the programs selected for testing in procedure 2 that had been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amount agrees.

The DAF program is the only program that requires an annual close-out. The 2015-16 fiscal year was closed out and financial records agreed with the report.

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 (the open meetings law).

The Council is only required to post notice of each meeting and the accompanying agenda on the door of the Council's office building. Management does properly post the notice of the meetings as evidenced by observation.

9. For all grants exceeding \$5,000, determined that each applicable grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for the state grants, included specific goals and objectives and measures of performance.

The Council provided comprehensive budgets to the applicable grantor agencies for all programs. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects and plans showing specific goals and objectives and measures of performance.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectfully, on certain laws and regulations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, others matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Arts and Humanities Council of Southwest Louisiana, Inc. and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Dragan, Cassidy & Dullery