

**ARK-LA-TEX REGIONAL
AIR SERVICE ALLIANCE
BOSSIER CITY, LOUISIANA
DECEMBER 31, 2020 AND 2019**

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

BOSSIER CITY, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 8, 2021

To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Ark-La-Tex Regional Air Service Alliance (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ark-La-Tex Regional Air Service Alliance as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ark-La-Tex Regional Air Service Alliance's basic financial statements. The information required in accordance with Louisiana Revised Statute 24:513(A)(3) on page 10 is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic 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 8, 2021, on our consideration of Ark-La-Tex Regional Air Service Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Ark-La-Tex Regional Air Service Alliance's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

<u>A S S E T S</u>	<u>2020</u>	<u>2019</u>
<u>Assets:</u>		
Cash and cash equivalents	2,652,594	2,118,048
Occupancy tax receivable	35,586	64,968
Prepaid insurance	<u>-</u>	<u>1,962</u>
Total assets	<u>2,688,180</u>	<u>2,184,978</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	-	-
<u>Net assets:</u>		
With donor restrictions	-	-
Without donor restrictions	<u>2,688,180</u>	<u>2,184,978</u>
Total net assets	<u>2,688,180</u>	<u>2,184,978</u>
Total liabilities and net assets	<u>2,688,180</u>	<u>2,184,978</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Change in net assets without donor restrictions:</u>		
<u>Revenues:</u>		
Occupancy tax	509,079	650,442
Interest income	<u>5,905</u>	<u>14,363</u>
Total revenues	514,984	664,805
<u>Expenses:</u>		
Program Services	-	114,995
Management and general	<u>11,782</u>	<u>13,702</u>
Total expenses	<u>11,782</u>	<u>128,697</u>
<u>Change in net assets without donor restrictions</u>	503,202	536,108
<u>Change in net assets with donor restrictions</u>	<u>-</u>	<u>-</u>
<u>Change in net assets</u>	<u>503,202</u>	<u>536,108</u>
<u>Net assets at beginning of period</u>	<u>2,184,978</u>	<u>1,648,870</u>
<u>Net assets at end of period</u>	<u>2,688,180</u>	<u>2,184,978</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Program Services		Program Services	
	Air Service Development	Management and General	Air Service Development	Management and General
Administrative and service fees	-	4,370	-	6,795
Air service incentives	-	-	114,995	-
Professional fees	-	5,450	-	4,945
Insurance	-	1,962	-	1,962
	-	11,782	114,995	13,702

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	503,202	536,108
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	29,382	(19,330)
(Increase) decrease in prepaid expenses	1,962	-
Increase (decrease) in accounts payable	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>534,546</u>	<u>516,778</u>
 <u>Increase in cash and cash equivalents</u>	 534,546	 516,778
 <u>Cash and cash equivalents at beginning of year</u>	 <u>2,118,048</u>	 <u>1,601,270</u>
 <u>Cash and cash equivalents at end of year</u>	 <u>2,652,594</u>	 <u>2,118,048</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. **Organization**

The Ark-La-Tex Regional Air Service Alliance (RASA) is a Louisiana nonprofit organization whose mission is to increase air service through the Shreveport Regional Airport for the benefit of citizens and business travelers in the Ark-La-Tex area. Chartered on January 23, 2012, RASA was formed and exempted under Section 501(c)(4) of the Internal Revenue Code, and is its own independent nonprofit entity. RASA works toward its objective through payments of incentives to airline carriers for their expansion of services in the Shreveport market. RASA's major funding source is the Shreveport-Bossier City hotel occupancy tax which became effective November 2015 and expires June 2027.

2. **Summary of Significant Accounting Policies**

The significant accounting policies followed by RASA and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

Financial Statement Presentation:

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard was effective for fiscal years beginning after December 15, 2017, and required the use of the retrospective transition method. The organization adopted this standard for the year ended December 31, 2018.

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions, as follows:

Net assets without donor designations – Net assets that are not subject to donor or grantor imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Net assets with donor designations – Net assets subject to donor or grantor imposed restrictions that may or will be met by actions of the Organization. There are no donor or grantor restricted net assets at December 31, 2020 and 2019.

Revenue Recognition:

The source of substantially all revenue of RASA is through the collection of hotel occupancy tax by the municipalities of Shreveport and Bossier City. Generally, each municipality remits occupancy tax directly to RASA in the month following collection less a one percent service fee. RASA reports occupancy tax revenues at gross and service fees as an expense in the month collected by each municipality.

2. Summary of Significant Accounting Policies (Continued)

Occupancy Tax Receivable:

Occupancy taxes receivable are reported at their realizable value, net of service fees. Occupancy tax remittances are generally due by the end of the month following the month of collection by each municipality. Late fees are not charged. Interest on unpaid balances is not charged and RASA does not make its accounts receivable for sale. There are no bad debts.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

RASA 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 these financial instruments.

Income Taxes:

RASA is exempt from income taxes as an organization described in Section 501(c)(4) of the Internal Revenue Code. RASA has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, there is no provision for income taxes in these financial statements; however, RASA is required to file U.S. Federal Form 990 for informational purposes.

RASA is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, RASA must assess whether it has any tax positions associated with unrelated business income subject to income tax. RASA does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in RASA's accounting records.

Functional Expenses:

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities, and are charged directly to either program services or supporting expenses based on the nature of expense.

3. Major Sources of Revenue

Approximately 100 percent of revenues for the years ended December 31, 2020 and 2019 were provided through the collection of hotel occupancy taxes as follows:

<u>Source</u>	<u>2020</u>	<u>2019</u>
City of Shreveport	\$ 268,300	\$ 329,960
City of Bossier City	<u>240,779</u>	<u>320,482</u>
	<u>\$ 509,079</u>	<u>\$ 650,442</u>

4. **Concentrations of Credit Risk**

RASA maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. RASA's uninsured cash balances totaled \$-0- and \$-0- at December 31, 2020 and 2019, respectively.

5. **Risks and Uncertainties**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restriction on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the financial effect will be to the Organization.

6. **Liquidity**

RASA invests cash in excess of estimated one-year operating requirements in certificates of deposit with short-term maturities. The availability of RASA's financial assets to meet cash needs is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$2,652,594	\$2,118,048
Occupancy tax receivable	<u>35,586</u>	<u>64,968</u>
	\$2,688,180	\$2,183,016
Less: Donor imposed restrictions making financial assets unavailable for general expenditures	<u>-</u>	<u>-</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$2,688,180</u>	<u>\$2,183,016</u>

7. **Subsequent Events**

The Organization has evaluated subsequent events through June 8, 2021, the date which the financial statements were available to be issued. No reportable items were noted.

SUPPLEMENTARY INFORMATION

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2020

This schedule is not applicable to the Ark-La-Tex Regional Air Service Alliance as no such payments were made; however, it is included to comply with Louisiana Revised Statute 24:513(A)(3) (ACT 706 of 2014).

OTHER REPORTS

HEARD, McELROY, & VESTAL

—LLC—

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June 8, 2021

To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ark-La-Tex Regional Air Service Alliance, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ark-La-Tex Regional Air Service Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ark-La-Tex Regional Air Service Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shreveport, Louisiana

HEARD, McELROY & VESTAL, L.L.C.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Ark-La-Tex Regional Air Service Alliance.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Ark-La-Tex Regional Air Service Alliance were disclosed during the audit.
4. Ark-La-Tex Regional Air Service Alliance was not subject to a Federal Single Audit for the year ended December 31, 2020.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2020

No prior year findings were reported.