

**Shreveport Regional Arts Council  
Shreveport, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2015 and 2014**

Shreveport Regional Arts Council  
Shreveport, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities	
For the Year Ended June 30, 2015	4
For the Year Ended June 30, 2014	5
Statements of Functional Expenses	
For the Year Ended June 30, 2015	6
For the Year Ended June 30, 2014	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 16
<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	17
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	18 – 19
<b>Summary Schedule of Prior Year Audit Findings</b>	20
<b>Summary Schedule of Current Year Audit Findings</b>	20

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## Independent Auditors' Report

To the Board of Directors  
Shreveport Regional Arts Council  
Shreveport, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shreveport Regional Arts Council, (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. 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. 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Regional Arts Council, as of June 30, 2015 and 2014, and the changes in its net assets and its 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 an opinion on the financial statements as a whole. The accompanying supplemental information schedule shown on pages 17 is presented for the purpose of additional analysis and is not a required part of the financial statements of Shreveport Regional Arts Council. 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of Shreveport Regional 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 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 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 Shreveport Regional Arts Council's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 16, 2015

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Financial Position  
June 30, 2015 and 2014

Assets	<u>2015</u>	<u>2014</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 790,319	\$ 185,117
Investments	942,212	923,626
Grants receivable	140,883	243,646
Other receivables	51,065	28,629
Unconditional promises to give-operations	2,661	13,778
Inventory	3,154	10,913
Prepaid expenses	<u>7,631</u>	<u>45,938</u>
Total current assets	<u>1,937,925</u>	<u>1,451,647</u>
<b>Noncurrent assets:</b>		
Long-term promises to give - operations	3,005	9,641
Cash - restricted	467,599	1,145,633
Promises to give - building renovations	400,890	598,650
Deposits	1,441	4,212
Property and equipment, net	<u>2,914,858</u>	<u>2,426,151</u>
Total noncurrent assets	<u>3,787,793</u>	<u>4,184,287</u>
<b>Total Assets</b>	<u><u>\$ 5,725,718</u></u>	<u><u>\$ 5,635,934</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 52,234	\$ 231,817
Line of credit		300,000
Grants payable	30,943	60,369
Accrued expenses	<u>86,347</u>	<u>80,903</u>
Total current liabilities	<u>169,524</u>	<u>673,089</u>
<b>Total Liabilities</b>	<u>169,524</u>	<u>673,089</u>
<b>Net assets</b>		
Unrestricted	4,521,866	3,261,804
Temporarily restricted	<u>1,034,328</u>	<u>1,701,041</u>
Total net assets	<u>5,556,194</u>	<u>4,962,845</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 5,725,718</u></u>	<u><u>\$ 5,635,934</u></u>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 179,231	\$	\$ 179,231
Tuition and fees	11,823		11,823
Individual contributions	27,228	11,250	38,478
Business and industry contributions	188,288	240,670	428,958
Foundation grants	228,970	4,000	232,970
Government grants / contracts:			
City of Shreveport	500,424	28,801	529,225
Other governments	105,000		105,000
State of Louisiana	259,755	23,377	283,132
Special events -			
Christmas in the Sky	1,563,347		1,563,347
Investment income	12,435		12,435
Sale of tax credits	595,203		595,203
Miscellaneous income	25,861		25,861
Net assets released from restrictions			
Satisfaction of program restrictions	974,811	(974,811)	
	<u>4,672,376</u>	<u>(666,713)</u>	<u>4,005,663</u>
Total revenues, gains, support and reclassifications			
Expenses:			
Supporting services -			
General and administrative	448,034		448,034
Special events fund raising - Christmas in the Sky	860,536		860,536
	<u>1,308,570</u>		<u>1,308,570</u>
Total supporting services			
Program services			
Artbreak	300,062		300,062
Artspace	644,141		644,141
Central Artstation	155,718		155,718
Shreveport Common / Public Art	531,726		531,726
Arts Resource Center	472,097		472,097
	<u>2,103,744</u>		<u>2,103,744</u>
Total programs services			
	<u>3,412,314</u>		<u>3,412,314</u>
Total expenses			
Change in net assets	1,260,062	(666,713)	593,349
Net assets, beginning of year	<u>3,261,804</u>	<u>1,701,041</u>	<u>4,962,845</u>
Net assets, end of year	<u>\$ 4,521,866</u>	<u>\$ 1,034,328</u>	<u>\$ 5,556,194</u>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Totals
<b>Revenues, gains, support and reclassifications:</b>			
Admissions sales and concessions	\$ 246,289	\$	\$ 246,289
Tuition and fees	10,872		10,872
Individual contributions	64,511	80,180	144,691
Business and industry contributions	190,104		190,104
Foundation grants	141,950		141,950
<b>Government grants / contracts:</b>			
City of Shreveport	441,099	51,901	493,000
Other governments	296,120	303,880	600,000
State of Louisiana	288,687		288,687
<b>Special events -</b>			
Christmas in the Sky - biennial event	27,630		27,630
Investment income	130,066		130,066
Gain on insurance settlement	300,000		300,000
Miscellaneous income	14,378		14,378
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	811,966	(811,966)	
<b>Total revenues, gains, support and reclassifications</b>	<b>2,963,672</b>	<b>(376,005)</b>	<b>2,587,667</b>
<b>Expenses:</b>			
<b>Supporting services -</b>			
General and administrative	533,211		533,211
Special events fund raising - Christmas in the Sky	203,932		203,932
<b>Total supporting services</b>	<b>737,143</b>		<b>737,143</b>
<b>Program services</b>			
Artbreak	271,029		271,029
Artspace	685,095		685,095
Central Artstation	169,174		169,174
Shreveport Common	755,764		755,764
Arts Resource Center	479,084		479,084
<b>Total programs services</b>	<b>2,360,146</b>		<b>2,360,146</b>
<b>Total expenses</b>	<b>3,097,289</b>		<b>3,097,289</b>
<b>Change in net assets</b>	<b>(133,617)</b>	<b>(376,005)</b>	<b>(509,622)</b>
<b>Net assets, beginning of year</b>	<b>3,395,421</b>	<b>2,077,046</b>	<b>5,472,467</b>
<b>Net assets, end of year</b>	<b>\$ 3,261,804</b>	<b>\$ 1,701,041</b>	<b>\$ 4,962,845</b>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	Support Services		Program Services				Total Program Services	Totals	
	General and Administrative	Fund Raising - Christmas In the Sky	Artbreak	Artspace	Central Art Station	Shreveport Common / Public Art			Arts Resource Center
Admissions sales and concessions	\$	\$	\$	\$ 27,505	\$	\$	\$	\$ 27,505	\$ 27,505
Awards			23,143	43				23,186	23,186
Bank charges	12,738	31,814		3,987	69	98	167	4,321	48,873
Bad Debt	21,513								21,513
Contributions	9,832						3,713	3,713	13,545
Depreciation expense	25,966			4,636	84,041			88,677	114,643
Dues and subscriptions	1,934			393		460		853	2,787
Employee benefits	36,599	22,468	13,531	34,241	328	17,496	8,296	73,892	132,959
Equipment and facility rentals	10,934	9,550	1,400			4,832		6,232	26,716
Event expenses	1,026	117,056	7,627	1,370	428	1,790		11,215	129,297
Grants to other agencies	80						345,560	345,560	345,640
Insurance expense	51,583								51,583
Interest	9,773								9,773
Miscellaneous expense	17,915	15,649	1,259	4,595	1,864	5,171	3,927	16,816	50,380
Payroll taxes	4,622	11,963	4,861	14,805	245	8,591	5,713	34,215	50,800
Postage and Freight	15,781	5,782	324	6,814	21	1,507	336	9,002	30,565
Professional artist fees	2,422	96,657	87,827	72,931	17,660	160,160	11,355	349,933	449,012
Professional services	26,623	57,990	5,500	34,402	6,550	125,486	5,530	177,468	262,081
Promotion and printing	13,890	27,090	40,063	86,650	2,914	24,770	1,444	155,841	196,821
Repair and maintenance	7,843	1,640		10,361	10,145			20,506	29,989
Salaries	113,172	174,997	72,227	214,338	3,361	123,126	84,126	497,178	785,347
Supplies and fees	31,522	275,232	33,530	120,073	26,057	24,351	1,215	205,226	511,980
Telephone	8,859	8		1,009		2,129		3,138	12,005
Travel									
Program	19,833	8,964	8,525		1,651	30,344	715	41,235	70,032
Staff and board	2,246	3,676	245	5,985	230	1,415		7,875	13,797
Utilities	1,328			3	154			157	1,485
	<u>\$ 448,034</u>	<u>\$ 860,536</u>	<u>\$ 300,062</u>	<u>\$ 644,141</u>	<u>\$ 155,718</u>	<u>\$ 531,726</u>	<u>\$ 472,097</u>	<u>\$ 2,103,744</u>	<u>\$ 3,412,314</u>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Support Services		Program Services				Total Program Services	Totals	
	General and Administrative	Fund Raising - Christmas In the Sky	Artbreak	Artspace	Central Art Station	Shreveport Common			Arts Resource Center
Admissions sales and concessions	\$	\$	\$	\$ 42,855	\$	\$	\$	\$ 42,855	\$ 42,855
Awards			16,050	4,000	1,000		2,000	23,050	23,050
Bank charges	11,438	925		5,614	897	14	425	6,950	19,313
Depreciation expense	27,162			4,925	67,287			72,212	99,374
Dues and subscriptions	3,830	3,516		150	7			157	7,503
Employee benefits	25,739	18,278	14,140	26,402		14,567	9,478	64,587	108,604
Equipment and facility rentals	9,489	1,300	1,300	1,500	504	7,538		10,842	21,631
Event expenses	50		6,321	351		7,180		13,852	13,902
Grants to other agencies	290						325,939	325,939	326,229
Insurance expense	42,252			78		370		448	42,700
Miscellaneous expense	49,159	22,661	1,015	3,620	7,513	15,542	1,163	28,853	100,673
Payroll taxes	12,446	8,960	6,260	19,244	137	8,692	7,928	42,261	63,667
Postage and Freight	14,420			4,928	60	1,149	494	6,631	21,051
Professional artist fees	1,500		63,827	42,094	1,487	338,876		446,284	447,784
Professional services	51,948	796	10,140	50,049	74,135	82,384	23,894	240,602	293,346
Promotion and printing	18,512	6,307	24,980	87,854	5,909	68,874	2,437	190,054	214,873
Repair and maintenance	4,820			14,341	4,960			19,301	24,121
Salaries	171,445	113,393	79,947	248,927		111,325	99,131	539,330	824,168
Seminar fees	89								89
Supplies and fees	37,337	9,510	30,368	115,380	2,165	56,348	1,939	206,200	253,047
Taxes - other	5,579			2,056		762	375	3,193	8,772
Technical fees	5,160		10,450			16,357		26,807	31,967
Telephone	7,386			1,293	1,368	1,385		4,046	11,432
Travel	3,196								3,196
Program			6,231	9,434	1,745	24,214	3,881	45,505	45,505
Staff and board	29,681	18,286							47,967
Utilities	283					187		187	470
	<u>\$ 533,211</u>	<u>\$ 203,932</u>	<u>\$ 271,029</u>	<u>\$ 685,095</u>	<u>\$ 169,174</u>	<u>\$ 755,764</u>	<u>\$ 479,084</u>	<u>\$ 2,360,146</u>	<u>\$ 3,097,289</u>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2015 and 2014

Operating Activities	2015	2014
Changes in net assets	\$ 593,349	\$ (509,622)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	114,643	99,374
Loss on disposal of property plant and equipment		6,190
Realized and unrealized (gains) and losses on investments	10,420	(44,291)
Use of (receipt of) restricted cash	678,034	92,498
(Increase) decrease in operating assets:		
Grants receivable	102,763	101,150
Other receivables	(22,436)	37,024
Promises to give	215,513	236,112
Deposits	2,770	1,106
Inventory	7,759	(10,913)
Prepaid expenses	38,307	(41,153)
Increase (decrease) in operating liabilities:		
Accounts payable	(179,583)	(24,976)
Grants payable	(29,426)	(22,265)
Accrued expenses	5,444	21,677
Net cash provided (used) by operating activities	1,537,557	(58,089)
 Investing Activities		
Sales and maturities of investments	(29,006)	140,000
Payments for property and equipment	(603,349)	(207,278)
Net cash (used) by investing activities	(632,355)	(67,278)
 Financing Activities		
Proceeds from line of credit		300,000
Payments on line of credit	(300,000)	
Net cash provided (used) by investing activities	(300,000)	300,000
 Net increase in cash and cash equivalents	605,202	174,633
 Cash and cash equivalents as of beginning of year	185,117	10,484
 Cash and cash equivalents as of end of year	\$ 790,319	\$ 185,117
 Supplemental disclosure:		
Interest paid during the year on line of credit	\$ 9,101	\$
Acquisition of construction in process with accounts payable	\$	\$ 118,739

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Shreveport Regional Arts Council (SRAC) is a private, nonprofit corporation governed by a board of directors and administered by a professional staff. SRAC's goal is to serve as an umbrella organization to enrich the quality of life within the region through the promotion of the Arts. SRAC's services, therefore, include providing cultural programming, scheduling and coordinating cultural activities, and other professional services directed toward its stated goal.

B. Basis of Accounting

The financial statements of SRAC have been prepared on the accrual basis of accounting.

C. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization 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.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, SRAC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Investments

Investments are stated at fair market value, based on quoted market prices.

H. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy are described as follows:

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2015 and 2014  
(Continued)

Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

Level 2: significant other observable inputs than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

I. Property and Equipment

It is the policy of SRAC to capitalize all fixed assets with a unit cost of \$500 or more. Property, equipment, and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

J. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 and reported in the statement of activities as net assets released from restrictions.

K. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2015 and 2014, advertising costs totaled \$98,289 and \$109,642 respectively and are included in promotions on the Statements of Functional Expenses.

L. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contributions charged to expense for the years ended June 30, 2015 and 2014 were \$15,407 and \$15,209, respectively.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2015 and 2014  
(Continued)

M. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2012, 2013, 2014, and 2015 are subject to examination by the IRS, generally three years after they were filed.

N. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

O. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 80 hours maximum per employee with 0–5 years experience; up to 96 hours for employees with 5–10 years experience; up to 120 hours for employees with 10–15 years experience; up to 144 hours for employees with 15–20 years experience; and up to 168 hours for employees with over 20 years experience. An accrued liability for vacation time of \$66,300 and \$54,117 is included in accrued expenses at June 30, 2015 and 2014, respectively.

P. Inventory

Inventory consists of various small items held for resale in the gift space at Art Space and various beverages for Art Space events. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

(2) Agreement for Services

Under a formal agreement for services between the City of Shreveport (the City) and SRAC, the City agrees to provide technical assistance in the planning and implementation of programs, use of certain facilities, office space and personnel and funding for programming. The fair value of the technical assistance received and use of the facilities, office space and personnel is not reasonably determinable and is not recorded as revenue. SRAC also agrees to provide certain programming services under the agreement.

(3) Concentrations of Credit Risk

SRAC maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. SRAC had uninsured cash balances of \$425,275 and \$518,636 at June 30, 2015 and 2014, respectively.

(Continued)

Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2015 and 2014  
 (Continued)

Approximately 95% and 45% of the promises to give for building renovations, development of arts district, artspace, and artist regrants for the years ended June 30, 2015 and 2014, respectively, were from three donors.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2015 and 2014, SRAC had no significant concentrations of credit risk in relation to grant receivables.

(4) Promises to Give - Operations

Unconditional promises to give at June 30, 2015 are as follows:

Receivable in less than one year	\$	2,661
Receivable in one to five years		3,504
Less discount on promises	(	<u>499)</u>
Net long-term		<u>3,005</u>
Net unconditional promises to give	\$	<u><u>5,666</u></u>

Amounts shown are net of an allowance for uncollectible promises of \$1,000. Promises receivable expected to be collected over more than one year are discounted at 1.9%.

Unconditional promises to give at June 30, 2014 are as follows:

Receivable in less than one year	\$	13,778
Receivable in one to five years		10,140
Less discount on promises	(	<u>499)</u>
Net long-term		<u>9,641</u>
Net unconditional promises to give	\$	<u><u>23,419</u></u>

Amounts shown are net of an allowance for uncollectible promises of \$10,545. Promises receivable expected to be collected over more than one year are discounted at 1.9%.

(5) Restricted Assets

Assets restricted for building renovations, development of arts district, artspace, and artist regrants at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash	\$ 467,599	\$ 1,145,633
Promises to give	<u>400,890</u>	<u>598,650</u>
	<u><u>\$ 868,489</u></u>	<u><u>\$ 1,744,283</u></u>

Promises receivable expected to be collected over more than one year are discounted at .12% for the years ended June 30, 2015 and 2014. The allowance for uncollectible promises receivable at June 30, 2015 and 2014 was \$59,705 and \$61,575, respectively.

(Continued)

Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2015 and 2014  
 (Continued)

	<u>2015</u>	<u>2014</u>
Receivables in less than one year	\$ 111,969	\$ 313,500
Receivables in one to five years	<u>289,192</u>	<u>285,421</u>
	401,161	598,921
Less discounts to net present value	<u>( 271)</u>	<u>( 271)</u>
Net promises to give	<u>\$ 400,890</u>	<u>\$ 598,650</u>

(6) Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets).

Investments as of June 30, 2015 consisted of the following:

	<u>2015</u>	
	<u>Fair Value</u>	<u>Cost</u>
Fixed income	\$ 223,352	\$ 224,572
Other assets	149,396	148,014
Equities	<u>569,464</u>	<u>467,187</u>
	<u>\$ 942,212</u>	<u>\$ 839,773</u>

Investments as of June 30, 2014 consisted of the following:

	<u>2014</u>	
	<u>Fair Value</u>	<u>Cost</u>
Fixed income	\$ 247,972	\$ 247,091
Other assets	180,292	175,230
Equities	<u>495,362</u>	<u>379,113</u>
	<u>\$ 923,626</u>	<u>\$ 801,434</u>

Investment income for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 22,855	\$ 22,218
Realized gain on sale on investments	6,037	76,476
Unrealized gains (losses) on investments	<u>( 16,457)</u>	<u>31,372</u>
	<u>\$ 12,435</u>	<u>\$ 130,066</u>

(Continued)

Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2015 and 2014  
 (Continued)

(7) Property and Equipment

Property and equipment at June 30, 2015, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 526,053
Leasehold improvements – construction in process	None	241,250
Leasehold improvements	5 – 10 years	<u>2,556,500</u>
		3,323,803
Accumulated Depreciation		<u>( 408,945)</u>
		<u>\$ 2,914,858</u>

Depreciation expense for the year ended June 30, 2015 was \$114,643.

Property and equipment at June 30, 2014, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 370,110
Leasehold improvements – construction in process	None	332,210
Leasehold improvements	5 – 10 years	<u>2,018,133</u>
		2,720,453
Accumulated Depreciation		<u>( 294,302)</u>
		<u>\$ 2,426,151</u>

Depreciation expense for the year ended June 30, 2014 was \$99,374.

(8) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Artspace	\$ 346,839	\$ 345,588
Renovation of Central Fire Station	230,385	893,462
Development of Shreveport Common	370,260	303,880
Art Resource Center/Artists as Entrepreneurs		10,497
Other	19,000	65,864
Club 101 – Operating Campaign	5,666	25,169
Regrants	23,377	5,000
Unscene	<u>38,801</u>	<u>51,581</u>
	<u>\$ 1,034,328</u>	<u>\$ 1,701,041</u>

(9) Designated Net Assets

The Board of Directors designated cash and investments at June 30, 2015 and 2014 totaling \$1,007,496 and \$1,023,998 respectively to insure that SRAC's resources will remain stable regardless of potential changes in public or private funding.

For the years ended June 30, 2015 and 2014, the Board designated \$157,500 and \$82,600, respectively, from funds received from the City of Shreveport to be used for regrants.

Both of the above items are included in unrestricted net assets on the Statement of Financial Position.

(Continued)

Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2015 and 2014  
 (Continued)

(10) Operating Leases

SRAC leases certain storage space and equipment under operating leases. Rental costs for these leases for the years ended June 30, 2015 and 2014 were \$12,353 and \$11,955, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>		
2016	\$	6,443
2017		6,443
2018		<u>4,295</u>
Total minimum future rentals		<u>\$ 17,181</u>

(11) Line of Credit

SRAC has a revolving line of credit in the amount of \$300,000. Interest accrues at 2.958 percentage points over the LIBOR index for the year ended June 30, 2015. The balance on the line of credit as of June 30, 2015 and 2014 was \$0 and \$300,000, respectively. The line of credit was renewed on September 22, 2014, and has a maturity date of January, 2016. Interest expense incurred on the line of credit for the years ended June 30, 2015 and 2014 was \$9,101 and \$0, respectively. Subsequent to June 30, 2015, the maximum available on the line of credit was increased to \$500,000.

(12) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2015 and 2014:

	2015	2014
Accrued leave payable	\$ 66,300	\$ 54,117
Accrued payroll and related benefits	20,047	26,786
	<u>\$ 86,347</u>	<u>\$ 80,903</u>

(13) Concentration of Revenue

During the years ended June 30, 2015 and 2014, SRAC received contractual revenue from state, parish, and city grants in the amount of \$917,357 and \$1,381,687, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

Approximately 39% of the total revenue for the year ended June 30, 2015, was derived from SRAC's biennial Christmas in the Sky fundraising event.

(14) Donated Materials, Facilities, and Services

Various materials and services were donated to SRAC by various individuals and organizations. Donated materials and services for the years ended June 30, 2015 and 2014 were \$85,644 and \$87,374, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for this year.

(15) Grants Payable

Grants payable at June 30, 2015 and 2014 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2015 and 2014  
(Continued)

(16) Endowment Account with Community Foundation of Shreveport–Bossier

SRAC has entered into an agreement with the Community Foundation of Shreveport–Bossier (CFSB). The agreement establishes an Agency Endowment Fund at CFSB called "Arts Forever Fund" (Fund). All property of the Fund belongs to CFSB. The fund will be used for support of the charitable purposes of SRAC. Net income and capital appreciation of the Fund, as governed by CFSB's Spending Policy, will be paid and distributed to SRAC at least annually, for as long as SRAC is a Qualified Charitable Organization.

The fair market value of the fund at June 30, 2015 and 2014 was \$267,428 and \$269,288 respectively.

(17) Subsequent Events

On August 10, 2015, SRAC signed a contract for \$575,000, to remodel the kitchen at Artspace. Funds to cover the cost of the contract will come primarily from contributions and other revenues.

Subsequent events have been evaluated through December 16, 2015, the date the financial statements were available to be issued.

(18) Commitments

SRAC has entered into a contract for the design and management of the Shreveport Commons Art District totaling approximately \$300,000. Costs incurred under this contract as of June 30, 2015 totaled approximately \$191,250, with the remaining amounts to be incurred subsequent to June 30, 2015.

SRAC has entered into a contract for architectural services and construction with regards to a flame on the artist tower at Central Art Station totaling approximately \$100,000. Costs incurred under this contract as of June 30, 2015 totaled approximately \$50,000, with the remaining amounts to be incurred subsequent to June 30, 2015.

(19) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2015 and 2014, but received after those dates.

(20) Related Party

During the year ended June 30, 2015, SRAC made payments totaling \$50,000, jointly to a board member and another individual for a commissioned Public Artwork, 'The Flame'. An independent Jury Panel selected the duo for the Commission via a nationally publicized "Call to Artists." It is SRAC's policy to include Professional Artists as members of the Board of Directors and to allow them to compete (via independent Jury Panels with no SRAC Board or Staff representation) for Commissions.

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2015

Agency Head: Pam Atchison, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 129,814
Benefits - insurance	12,771
Benefits - retirement	3,742
Benefits - cell phone	1,649
Travel	3,910
Reimbursements - artists/sponsor development	5,854
Reimbursements - supplies	5,528
Reimbursement - staff travel	805
Reimbursement - planning and staff development	1,256

# COOK & MOREHART

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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

Independent Auditors' Report

To the Board of Directors  
Shreveport Regional Arts Council  
Shreveport, Louisiana

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 Shreveport Regional Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 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 December 16, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shreveport Regional Arts Council'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 Shreveport Regional Arts Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Regional Arts Council'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.

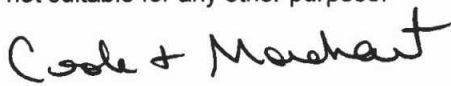
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Regional Arts Council'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.



Cook & Morehart  
Certified Public Accountants  
December 16, 2015

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
June 30, 2015

**Summary Schedule of Prior Audit Findings**

There was one finding for the prior year audit for the year ended June 30, 2014, as follows:

**2014-1 Significant Deficiency**

**Condition:** SRAC received various contributions with donor-imposed restrictions. SRAC did not have a system in place to consistently, efficiently, and accurately track the receipt and use of those restricted funds. None of the items tested indicated that restricted funds were used for any purpose other than the intended use of the funds. However, extensive additional audit time was required to determine the balance of restricted funds as of year-end to be reported as restricted cash and temporarily restricted net assets.

**Recommendation:** We recommend that SRAC establish proper internal controls to accurately track the receipt and use of restricted funds, including ensuring that the accounting records properly reflect such information throughout the year.

**Current Status:** Improvement noted. No significant deficiency reported in current year audit for the year ended June 30, 2015.

**Corrective Action Plan for Current Year Audit Findings**

There are no findings for the current year audit for the year ended June 30, 2015