

Swine Palace Productions, Inc.
Baton Rouge, Louisiana
June 30, 2020

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**HAWTHORN
WAYMOUTH
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Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Swine Palace Productions, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Swine Palace Productions, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Swine Palace Productions, Inc. as of June 30, 2020, 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 schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 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 18, 2020, on our consideration of Swine Palace Productions, Inc.'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 Swine Palace Productions, Inc.'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 Swine Palace Productions, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Swine Palace Productions, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.

Hawthorn, Waymouth & Carroll, LLP.

December 18, 2020

Swine Palace Productions, Inc.
Statement of Financial Position
June 30, 2020
With Summarized Comparative Totals as of June 30, 2019

Assets

	2020	2019
Current Assets		
Cash	\$ 157,497	\$ 197,495
Investments	5,927	6,619
Prepaid expenses and other assets	9,195	9,136
Total current assets	172,619	213,250
Property and Equipment, net	-	-
Total assets	\$ 172,619	\$ 213,250

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 13,613	\$ 147
Total current liabilities	13,613	147
Net Assets Without Donor Restrictions	159,006	213,103
Total liabilities and net assets	\$ 172,619	\$ 213,250

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

Swine Palace Productions, Inc.
Statement of Activities
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	
	2020	2019
Revenue and Other Support		
Admissions	\$ 20,483	\$ 38,661
Contributions and sponsorships	3,985	24,884
Grants	-	750
Investment income (loss)	(692)	516
In-kind contributions	<u>372,051</u>	<u>414,952</u>
Total revenue and other support	<u>395,827</u>	<u>479,763</u>
Expenses		
Program services	359,007	383,865
Management and general	84,134	86,641
Fundraising	<u>6,783</u>	<u>7,636</u>
Total expenses	<u>449,924</u>	<u>478,142</u>
Change in Net Assets	(54,097)	1,621
Net Assets, beginning of year	<u>213,103</u>	<u>211,482</u>
Net Assets, end of year	<u>\$ 159,006</u>	<u>\$ 213,103</u>

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

Swine Palace Productions, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2020</u>	<u>Total 2019</u>
Salaries	\$ 246,630	\$ 50,007	\$ 5,264	\$ 301,901	\$ 303,919
Payroll taxes and benefits	13,595	-	-	13,595	36,774
Production costs	29,471	-	-	29,471	39,465
Artistic fees	16,534	-	-	16,534	8,590
Travel	7,419	4,740	-	12,159	5,947
Insurance	-	5,796	-	5,796	6,569
Advertising	1,908	-	-	1,908	-
Occupancy	43,450	10,450	1,100	55,000	65,000
Office and supplies	-	4,591	419	5,010	3,478
Professional fees	-	8,550	-	8,550	8,400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 359,007</u>	<u>\$ 84,134</u>	<u>\$ 6,783</u>	<u>\$ 449,924</u>	<u>\$ 478,142</u>

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

Swine Palace Productions, Inc.
Statement of Cash Flows
Year Ended June 30, 2020
With Summarized Comparative Totals for the Year Ended June 30, 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (54,097)	\$ 1,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	816	(349)
(Increase) Decrease in assets:		
Prepaid expenses and other assets	(59)	209
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	<u>13,466</u>	<u>(3,615)</u>
Net cash used in operating activities	<u>(39,874)</u>	<u>(2,134)</u>
Cash Flows from Investing Activities		
Purchase of investments	<u>(124)</u>	<u>(165)</u>
Net cash used in investing activities	<u>(124)</u>	<u>(165)</u>
Net Change in Cash	(39,998)	(2,299)
Cash, beginning of year	<u>197,495</u>	<u>199,794</u>
Cash, end of year	<u><u>\$ 157,497</u></u>	<u><u>\$ 197,495</u></u>

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

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 1-Nature of Operations

Swine Palace Productions, Inc. (the “Organization”) was established February 4, 1992. The mission of the Organization is the advancement of public knowledge of the art of theatre by establishing and maintaining a permanent theatre for the performing arts in the State of Louisiana, and the production and performance of plays of educational value before general audiences and those not normally accustomed to theatrical presentations. The Organization also assists in the development of new works, and conducts lectures and seminars on subjects relating to the performing arts.

The Organization earns revenues through ticket sales for its theater productions, and contributions and sponsorships from the general public as well as granting organizations. In-kind donations from Louisiana State University are a significant portion of revenues.

Note 2-Summary of Significant Accounting Policies

A. Basis of Presentation

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

The Organization reports information regarding its financial position and activities according two classes of net assets that are based upon the existence or absence of restrictions on use that are placed on them by donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2020, there were no net assets with donor restrictions.

B. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all funds on deposit with financial institutions and highly liquid investments with original maturities of three months or less not included in an investment portfolio to be cash equivalents. As of June 30, 2020, there were no cash equivalents.

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 2-Summary of Significant Accounting Policies (Continued)

D. Accounts and Contributions Receivable

Accounts receivable are reported at billed amounts net of any allowance for doubtful accounts. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. Accounts receivable are written off when deemed uncollectible by management. Bad debt recoveries are included in income as realized.

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Changes to the estimate of the present value of the contributions will be reported in the period the changes are made.

The Organization had no accounts or contributions receivable as of June 30, 2020.

E. Investments

Investments in equity securities are recorded at fair value. Dividend, interest, and other investment income is recorded as an increase in net assets with or without donor restrictions, depending on donor stipulations.

F. Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

G. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation. Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 2-Summary of Significant Accounting Policies (Continued)

H. Liquidity Management

As of June 30, 2020, the following financial assets could be made readily available within one year of the date of the statement of financial position:

Cash	\$ 157,497
Investments	<u>5,927</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 163,424</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

I. Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

J. Functional Expenses

Indirect expenses are allocated in the accompanying financial statements to program services, management and general, and fundraising functional expense groups based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

K. Accounting Pronouncements Pending Adoption

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The ASU is effective for annual reporting periods beginning after December 15, 2020, with certain early adoption provisions available. The Organization is in the process of assessing the effect that the adoption of this standard will have on its financial statements.

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 2-Summary of Significant Accounting Policies (Continued)

K. Accounting Pronouncements Pending Adoption (Continued)

In February 2016, the FASB issued ASU-2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. The Organization has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

K. Prior Period Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Note 3-Investments

Investments as of June 30, 2020 are summarized as follows:

	Cost	Fair Value
Money market funds	\$ 1,600	\$ 1,600
Equity securities	1,278	4,327
Total investments	\$ 2,878	\$ 5,927

The following schedule summarizes investment income for the year ended June 30, 2020:

Interest and dividends	\$ 124	
Unrealized loss	(816)	
Total investment loss	\$ (692)	

Note 4-Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 4-Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2020:

Equity securities: Valued at the closing price reported in the active market in which the individual securities are traded.

Money market funds Managed to maintain a net asset value per share of \$1.00, and are reported at that net asset value, which closely approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value and net asset value (NAV) as of June 30, 2020:

Investments by Fair Value Level	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 4,327	\$ -	\$ -	\$ 4,327
Total investments at fair value	<u>\$ 4,327</u>	<u>\$ -</u>	<u>\$ -</u>	4,327
Assets measured at NAV:				
Money market funds				<u>1,600</u>
Total investments				<u>\$ 5,927</u>

Swine Palace Productions, Inc.
Notes to Financial Statements
June 30, 2020

Note 5-Property and Equipment

The following is a summary of property and equipment, at cost less accumulated depreciation as of June 30, 2020:

Furniture and fixtures	\$ 43,239
Equipment	<u>10,000</u>
	53,239
Less: Accumulated depreciation	<u>53,239</u>
Property and equipment, net	<u><u>\$ -</u></u>

Note 6-Related Party Transactions

Swine Palace Productions, Inc. is affiliated with Louisiana State University (LSU). Members of the Organization's management serve as faculty for LSU, and Swine Place Productions, Inc. shares facilities and staff with LSU. The Organization also has an agreement with LSU to use the Reilly Theatre for its theatrical productions.

Services paid in-kind by Louisiana State University for the year ended June 30, 2020 totaled \$372,051. These in-kind services consist of specialized production personnel and facility operating costs with the values based on estimates by management.

Note 7-Defined Contribution Plan

The Organization participates in a defined contribution plan and contributes an amount equal to 8% of actor compensation to the plan. Pension expense was \$2,108 for the year ended June 30, 2020.

Note 8-Concentration Risk - Major Contributors

Approximately 94% of the Organization's revenue and other support consist of donated services of specialized production personnel and facility operating costs from Louisiana State University. Any significant changes in the donations provided by the University could adversely impact the financial position of the Organization.

Note 9-LSU Foundation

Donors have contributed funds to the LSU Foundation for use by the Organization. The Organization reserves the right to request the LSU Foundation pay the designated funds in accordance with donor wishes. As of June 30, 2020, these funds were \$22,659. These funds have not been requested and are not reflected in the accompanying financial statements.

Note 10-Subsequent Events

Management has evaluated all subsequent events through December 18, 2020, the date the financial statements were available to be issued.

The Organization's operations have been disrupted by the Coronavirus (COVID-19) pandemic, which adversely impacted the ability to conduct its operations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

Supplementary Information

Swine Palace Productions, Inc.
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2020

Agency Head Name: Kristin Sosnowsky, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits - insurance	0
Benefits - retirement	0
Car allowance	0
Vehicle provided by agency	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

No payments were made to the executive director from public funds.



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

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**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***

Board of Directors
Swine Palace Productions, Inc.
Baton Rouge, 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 Swine Palace Productions, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swine Palace Productions, Inc.'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 Swine Palace Productions, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Swine Palace Productions, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Swine Palace Productions, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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*.

Swine Palace Productions, Inc.'s Response to Finding

Swine Palace Productions, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Swine Palace Productions, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

December 18, 2020

Swine Palace Productions, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2020

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Swine Palace Productions, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements.
- 2) One deficiency in internal control over financial reporting that we consider to be a significant deficiency was identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II - Financial Statement Findings

2020-001: Segregation of Duties

Condition: Due to the small size of the Organization, ideal segregation of duties has not been achieved.

Criteria: The Organization should separate responsibilities for authorizing transactions, recording transactions, and the custody of assets.

Cause: The size of the Organization does not permit proper segregation of duties.

Effect: The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Auditor's Recommendation:

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should apply diligent oversight and monitoring activities.

Management's Response:

The Swine Palace staff is small, making it difficult to implement complete segregation of duties. However, the Board provides oversight in this area. Additionally, a significant amount of our assets is held in Louisiana State University and LSU Foundation accounts. As such, we are subject to the procedures used by both entities in terms of processing receipts and expenditures. We believe that oversight provided by the Board and the LSU system helps to mitigate any weaknesses in our controls.

Swine Palace Productions, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2020

Part I – Financial Statement Findings

2019-001: Segregation of Duties

Summary of Prior Year Finding:

Due to the small size of the Organization, ideal segregation of duties cannot be achieved.

Status:

Finding repeats as current year finding 2020-001.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2019.