JEFFERSON PERFORMING ARTS SOCIETY

METAIRIE, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

JUNE 30, 2021 AND 2020

ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jefferson Performing Arts Society

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson Performing Arts Society (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 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.

Auditors' 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, the *Louisiana Governmental Audit Guide*, 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 auditors' 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.

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CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Jefferson Performing Arts Society
May 25, 2022

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Performing Arts Society as of June 30, 2021 and 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.

Report on Supplementary 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 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 May 25, 2022, on our consideration of Jefferson Performing Arts Society'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 the effectiveness of Jefferson Performing Arts Society'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 Jefferson Performing Arts Society's internal control over financial reporting and compliance.

May 25, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

		2021		2020
ASSETS:				
Cash and cash equivalents	$	150,667	$	206,625
Accounts receivable		339,298		140,556
Prepaid expenses		15,233		86,075
Investments		296,512		255,869
Leasehold asset - net of amortization		25,000		21,782
Property and equipment - net of depreciation		294,401		302,987
Total assets	$	1,121,111	$	1,013,894
LIABILITIES:				
Accounts payable	$	40,605	$	36,962
Unearned revenue		169,542		173,597
Paycheck Protection Program loan		145,635		150,427
Total liabilities		355,782		360,986
NET ASSETS:				
Without donor restrictions		591,691		512,324
With donor restrictions		173,638		140,584
Total net assets		765,329		652,908
Total liabilities and net assets	$	1,121,111	$	1,013,894

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "B"

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES:			
Contributions	$ 299,360	$ 25,000	$ 324,360
Grant - Jefferson Parish	100,000	-	100,000
Grant - State of Louisiana	180,182	-	180,182
Grant - City of Westwego	250,000	-	250,000
Grant - City of New Orleans	7,500	-	7,500
Tax credits	144,883	-	144,883
Auto rental tax contribution	158,071	-	158,071
Program service and event revenue	454,998	-	454,998
Other income	55	-	55
Investment income, net	29,897	29,836	59,733
	1,624,946	54,836	1,679,782
Net assets released from restrictions	21,782	(21,782)	-
Total support and other revenues	1,646,728	33,054	1,679,782
EXPENSES:			
Program services	1,216,497	-	1,216,497
Supporting services:			
Management and general	246,691	-	246,691
Fundraising	104,173	-	104,173
Total expenses	1,567,361	-	1,567,361
Change in net assets	79,367	33,054	112,421
Net assets, beginning of year	512,324	140,584	652,908
Net assets, end of year	$ 591,691	$ 173,638	$ 765,329

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES:			
Contributions	$ 107,655	$ 43,565	$ 151,220
Grant - Jefferson Parish	100,000	-	100,000
Grant - State of Louisiana	350,000	-	350,000
Grant - City of Westwego	250,000	-	250,000
Grant - City of New Orleans	30,000	-	30,000
Auto rental tax contribution	313,748	-	313,748
Program service and event revenue	1,061,119	-	1,061,119
Other income	88	-	88
Investment income (loss), net	(2,177)	1,608	(569)
	2,210,433	45,173	2,255,606
Net assets released from restrictions	21,783	(21,783)	-
Total support and other revenues	2,232,216	23,390	2,255,606
EXPENSES:			
Program services	1,803,325	-	1,803,325
Supporting services:			
Management and general	349,372	-	349,372
Fundraising	146,179	-	146,179
Total expenses	2,298,876	-	2,298,876
Change in net assets	(66,660)	23,390	(43,270)
Net assets, beginning of year	578,984	117,194	696,178
Net assets, end of year	$ 512,324	$ 140,584	$ 652,908

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "C"

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 387,740	$ 39,354	$ 47,888	$ 474,982
Payroll taxes and employee benefits	93,850	9,525	11,591	114,966
Total salaries and related expenses	481,590	48,879	59,479	589,948
Credit card fees	-	25,111	-	25,111
Depreciation	-	8,586	-	8,586
Interest	-	-	-	-
Miscelleanous	15,011	15,011	-	30,022
Occupancy	301,852	75,464	-	377,316
Operations expenses	90,447	57,558	41,710	189,715
Postage and shipping	2,984	-	2,984	5,968
Professional fees and contract services	254,680	9,256	-	263,936
Promotion and advertising	37,156	-	-	37,156
Supplies and materials for productions	16,851	-	-	16,851
Telephone	15,926	6,826	-	22,752
Travel, conferences and conventions	-	-	-	-
Total functional expenses	$ 1,216,497	$ 246,691	$ 104,173	$ 1,567,361

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "C" (Continued)

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 605,507	$ 61,456	$ 74,784	$ 741,747
Payroll taxes and employee benefits	100,644	10,215	12,430	123,289
Total salaries and related expenses	706,151	71,671	87,214	865,036
Credit card fees	-	63,413	-	63,413
Depreciation	-	18,246	-	18,246
Interest	2,362	2,362	-	4,724
Miscellaneous	27,652	27,652	-	55,304
Occupancy	279,178	69,795	-	348,973
Operations expenses	116,256	73,981	53,612	243,849
Postage and shipping	5,353	-	5,353	10,706
Professional fees and contract services	398,951	14,500	-	413,451
Promotion and advertising	101,292	-	-	101,292
Supplies and materials for productions	117,541	-	-	117,541
Telephone	18,088	7,752	-	25,840
Travel, conferences and conventions	30,501	-	-	30,501
Total functional expenses	$ 1,803,325	$ 349,372	$ 146,179	$ 2,298,876

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "D"

JEFFERSON PERFORMING ARTS SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:		
Change in net assets	$ 112,421	$ (43,270)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	8,586	18,246
Donations of common stock	-	(48,391)
Noncash donation of leasehold	(25,000)	(43,564)
Amortization of leasehold asset	21,782	21,782
Forgiveness of PPP loan	(150,427)	-
Net unrealized and realized loss on investments	(55,668)	29,960
(Increase) decrease in:		
Accounts receivable	(198,742)	(100,863)
Prepaid expenses	70,842	42,028
Increase (decrease) in:		
Accounts payable	3,643	(5,229)
Unearned revenue	(4,055)	(25,277)
Net cash (used for) operating activities	(216,618)	(154,578)
CASH FLOWS (USED FOR) INVESTING ACTIVITIES:		
Sale of investments	34,024	-
Purchase of investments	(18,999)	(3,832)
Net cash from (used for) investing activities	15,025	(3,832)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:		
Principal payments on capital leases	-	(8,000)
Proceeds from the issuance of debt	145,635	150,427
Net cash from financing activities	145,635	142,427
Net (decrease) in cash and cash equivalents	(55,958)	(15,983)
Cash and cash equivalents - beginning of year	206,625	222,608
Cash and cash equivalents - end of year	$ 150,667	$ 206,625

See accompanying NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Performing Arts Society (JPAS) serves the state of Louisiana, several counties in Mississippi and communities throughout the Gulf South. Through its diverse programming and over 150 annual performances that include Grand Opera, Broadway Musicals, Symphonic and Choral Concerts, Ballet and Modern Dance and distinguished guest artists of all genres from around the world, JPAS has rightfully earned the reputation as "Louisiana's Cultural Leader."

JPAS focuses on three main elements:

Performance: JPAS annually provides a wide range of theatrical performances that appeal to many interests and age groups. Most seasons include a selection of grand opera, musical theater, dance and music. JPAS strives to network and partner with national and international artists and companies to bring new and diverse programming to the Southern Region.

Training: JPAS provides performance and technical based training in the arts for all ages with a particular focus on young people.

Outreach: JPAS provides arts education programming in local area schools, as well as access to professional theatrical experiences that align to classroom curricula and Louisiana Content Standards, including Arts Adventure Series, Cultural Crossroads and Stage Without A Theatre. JPAS provides performers, musicians, artistic experiences and expertise to select area events and organizations to enrich the community.

JPAS' outreach and service extend to both banks of the Mississippi River. Performances on the East bank are now held in the new Jefferson Performing Arts Center, performances on the West Bank are held in the Westwego Performing Arts Theatre and Teatro Wego! Dinner Theatre in Westwego.

Associated Activities

JPAS Leading Ladies Guild
JPAS Broadway Pit Orchestra
Arts Adventure Series
JPAS Symphony Orchestra
The Jefferson Chorale
JPAS Theatre Wing
JPAS Opera Theatre
Annual Pasta & Puccini Gala
Cultural Crossroads
Jefferson Performing Arts Center
JPAS Theatre Kids! Competition Team
Stage Without a Theatre (SWAT)
Teatro Wego! Theatre
Westwego Performing Arts Theatre

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of JPAS have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification section 958, *Not-for-Profit Entities*. Under FASB ASC section 958, net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of JPAS are classified as net assets with or without donor restrictions.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, JPAS considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists mainly of receivables stemming from cooperative endeavor agreements with various local and state governments. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at the net present value of estimated future cash flows using an appropriate discount rate. Additionally, JPAS evaluates the collectability of pledges receivable and provides for an allowance when appropriate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

The balance in this account consists of amounts paid during each year for performances and events that have not yet occurred.

Investments

As defined in the current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance applies to all financial instruments that are measured and reported on a fair value basis. Management utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of inputs used in the valuation techniques the financial statements are required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

Level 2 –Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets and 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 an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

JPAS' measurements of fair value are made on a recurring basis, and their valuation techniques for assets recorded at fair value are as follows:

Investment pool – Fair value is determined by reference to values provided by the fund management, which are determined by quoted market prices, indirectly observable inputs, or net asset value as a practical expedient to estimate fair value.

Money market – Cost basis approximates fair value.

Equity securities and mutual funds – Fair value is determined by quoted market prices, when available, or market prices provided by recognized broker dealers.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although management 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 different fair value measurements at the reporting date.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The balance in this account consists of amounts collected during each year for sponsorships, ticket sales, and summer camp fees to be presented in the following year.

Property and Equipment

All property, furniture, equipment, and leasehold improvements are recorded at cost. It is the policy of JPAS to capitalize all property and equipment with an acquisition cost in excess of $5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	39 years
Leasehold improvements	10 to 39 years
Equipment and furniture	5 to 7 years

Leases

Lease agreements are evaluated to determine whether they are capital or operating leases in accordance with FASB ASC 840, Accounting for Leases, as amended. When substantially all of the risks and benefits of property ownership have been transferred to the Company, as determined by the test criteria in FASB ASC 840-30, the lease then qualifies as a capital lease.

Capital leases are capitalized at the lower of the net present value of the total amount of rent payable under the leasing agreement (excluding finance charges and appropriate sales taxes) or the market value of the leased asset. Capital leases are depreciated on a straight line basis, over a period consistent with the Company's normal depreciation policy for tangible fixed assets, but generally not exceeding the lease term. Interest and sales tax charges are expensed over the period of the lease in relation to the carrying value of the capital lease obligation. Amortization of assets under capital leases is included in depreciation expense.

Contributions and Revenue Recognition

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Support from contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Unconditional contributions are reported as unrestricted support which increases net assets without donor restrictions. JPAS reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as net assets without donor restriction support.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition (Continued)

JPAS reports contributions of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire or improve long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, JPAS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

JPAS received contract revenues from customers through the sale of tickets, season passes, and participation fees at camps. JPAS recognizes the revenue on these sales as the related performance obligations are completed, which is primarily when the plays are performed or camps are held. Infrequently, JPAS may give customers the right to attend a future show if a play is cancelled due to emergency. These rights are classified in unearned revenues. Unearned revenue at year-end relates to contract liabilities for which plays have not been held or sponsorships received in advance for an upcoming season.

Advertising

Advertising costs are charged to expenses as incurred. For the years ended June 30, 2021 and 2020, advertising expenses totaled $37,156 and $101,292, respectively.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of JPAS.

Income Taxes

JPAS is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. There was no income tax on unrelated business income accrued in 2021 or 2020. The Tax Cut and Jobs Act generally provides that a tax-exempt organization's unrelated business taxable income is increased by the amount of qualified transportation fringe benefits provided to employees. Management currently believes that the amount of unrelated business income related to parking offered to employees would be de minimis. Management also believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2021 or 2020, but, if incurred, they would be classified in the statement of activities as a management and general expense.

JPAS' tax filings for the years ended June 30, 2018 through the current year are open to audit under statute of limitations by the Internal Revenue Service.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

The FASB has issued Update No. 2014-09, "*Revenue from Contracts with Customers.*" The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09, the FASB has issued Update No. 2015-14, "*Revenue from Contracts with Customers - Deferral of the Effective Date.*" Update No. 2015-14 permits entities to apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2019, and to interim reporting periods within annual reporting periods beginning after December 15, 2020. The FASB further delayed the implementation date by one year through ASU 2020-05 "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)." Entities may now apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The standard did not have a material impact on JPAS' revenue recognition policy.

Date of Management's Review

Subsequent events have been evaluated through May 25, 2022, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects JPAS' financial assets as of June 30, 2021 and 2020, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the endowment fund that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2021	2020
Financial assets, at year end	$ 786,477	$ 603,050
Less those unavailable for general expenditure within one year due to:		
Funds set aside for donor restricted purposes	(173,665)	(140,584)
Financial assets available to meet cash needs for general expenditures within one year	$ 612,812	$ 462,466

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

As part of JPAS liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Notes 4 and 11, JPAS has assets held in an endowment which are in excess of amounts held to handle daily cash requirements. Although JPAS does not intend to spend from its assets held in the endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the assets could be made available if necessary.

To help the JPAS manage its unanticipated liquidity needs, the JPAS has a line of credit in the amount of $300,000 as described in Note 8.

(3) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES

Non-cash investing activities:

During the year ended June 30, 2021, non-cash investing activities consisted of $25,000 of a non-cash donation of a leasehold asset.

During the year ended June 30, 2020, non-cash investing activities consisted of $43,564 of a non-cash donation of a leasehold asset and the donation of common stock worth $48,391.

(4) INVESTMENTS

Investments are stated at market value and consist of the following at June 30:

	2021	2020
Greater New Orleans Foundation investment pool	$ 148,639	$ 118,803
Raymond James		
Money market	28,071	28,060
Equity securities	68,570	83,900
Mutual funds	32,218	25,106
Exchange traded funds	19,014	-
Total investments	$ 296,512	$ 255,869

The investment pool, which is managed by the Greater New Orleans Foundation (GNOF), consists of equity, fixed income, money market funds and other investments determined by GNOF.

(4) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment income classified as temporarily restricted in the statements of activities for the years ended June 30:

	2021	2020
Interests and dividends	$ 5,103	$ 4,697
Realized gains	38,117	2,100
Unrealized gains and (losses)	17,552	(6,500)
Investment fees	(1,039)	(866)
Net investment income (loss)	$ 59,733	$ (569)

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
GNOF investment pool	$ 38,647	$ 10,405	$ -	$ 49,052
Money market	28,071	-	-	28,071
Equity securities	68,570	-	-	68,570
Mutual funds	32,218	-	-	32,218
Exchange traded funds	19,014	-	-	19,014
Total investments	$ 186,520	$ 10,405	$ -	$ 196,925

The following table sets forth by level, within the fair value hierarchy, JPAS' assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
GNOF investment pool	$ 32,078	$ 10,690	$ -	$ 42,768
Money market	28,060	-	-	28,060
Equity securities	83,900	-	-	83,900
Mutual funds	25,106	-	-	25,106
Total investments	$ 169,144	$ 10,693	$ -	$ 179,837

(4) INVESTMENTS (CONTINUED)

Fair Value Measurements (continued)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2021 and 2020:

	2021			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice period
GNOF investment pool	$ 99,587	N/A	Daily	None

	2020			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice period
GNOF investment pool	$ 76,035	N/A	Daily	None

(5) DONATED FACILITIES AND SERVICES

Donated Facilities

Beginning July 1, 2016, JPAS entered into a lease with Jefferson Parish for its 1118 Clearview Parkway office and office space at the Jefferson Performing Arts Center (JPAC). The renewal was on a three-year basis, ending on June 30, 2019, and the property is provided free of charge. Management estimated the fair value of these rental agreements to be $25,000. This amount is recorded as contribution revenue on the statement of activities and as a leasehold asset to be amortized as rent expense over the life of the lease on the statement of financial position. During the year ended June 30, 2020 the lease was extended through June 30, 2020. For the fiscal year ended June 30, 2020 rent expense recognized on this leasehold was $72,950. During the year ended June 30, 2021, the lease was extended through June 30, 2021. Management estimated the fair value of the renewal to be $43,565. During the year ended June 30, 2021, rent expense of $128,432 was recognized in connection with the amortization of the leasehold asset. At June 30, 2021, the leasehold asset has a book value of $25,000.

During the years ended June 30, 2021 and 2020, JPAS was also granted use of the Jefferson Parish Performing Arts Center (JPAC) in Metairie, Louisiana, for its performances. The fair market value of the use of the JPAC is determined by the number of days of actual use. For the years ended June 30, 2021 and 2020, $131,650 and $94,732, respectively, were recorded as contribution revenue and rent expense in connection with use of the JPAC.

(5) DONATED FACILITIES AND SERVICES (CONTINUED)

Donated Facilities (continued)

JPAS also entered into an agreement with the City of Westwego, which extended through June 30, 2021, for the use of the theatre at the Westwego Performing Arts Center for scheduled performances throughout the fiscal year. The in-kind support includes the use of the facility by JPAS for any and all scheduled events. No rent is paid by JPAS under this agreement and the amount of the support is not readily determinable on an annual basis. No amounts for such support have been recognized in the accompanying Statement of Activities as the criteria for recognition have not been satisfied.

Donated Services

A substantial number of volunteers have donated their time and services to JPAS for fundraising, legal, and program activities. No amounts are reflected in the accompanying financial statements for such services as they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

(6) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Building	$ 250,734	$ 250,734
Leasehold improvements	85,878	85,878
Equipment and furniture	399,209	399,209
Total depreciable property and equipment	735,821	735,821
Less: accumulated depreciation	(553,761)	(545,175)
	182,060	190,646
Land	112,341	112,341
Total	$ 294,401	$ 302,987

For the years ended June 30, 2021 and 2020, depreciation expense totaled $8,586 and $18,246.

(7) REFUNDABLE ADVANCES

The Organization was granted a loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. If not forgiven the Organization would be required to repay the remaining advance of $150,427 plus interest accrued at 1% per annum in monthly payments beginning on April 14, 2020. Principal and interest payments would be required through the maturity date of April 14, 2022. The PPP loan and accrued interest was forgivable after a "covered period" (10 months) if the borrower sustains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. As of December 5, 2021, 100% of loan balance and interest was approved for loan forgiveness, and therefore, the Organization has recognized $150,427 as grant revenue for the year ended June 30, 2021.

The Organization was granted a second PPP loan for a sum of $145,635 administered by a SBA approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its 10-month covered period and uses the funds for certain payroll, rent and utility expenses. Because the Organization had not yet met the qualifications for forgiveness. No amount of this loan has been recorded as contribution revenue for the year ended June 30, 2021. The Organization will be required to repay any remaining balance, plus interest accrued at 1% annum in monthly payments beginning on March 12, 2021. Principal and interest payments will be required through the maturity date of March 12, 2026. See Note 15 for information on the forgiveness of this note subsequent to year end.

(8) LINE OF CREDIT

On March 12, 2019, JPAS entered into a line of credit agreement with Iberia Bank, which provides short-term borrowings up to $300,000. Interest and principal on advances is payable monthly at the wall street journal prime rate plus 1%, which totaled 5.25% at June 30, 2021. The line of credit matured on March 12, 2021, but was subsequently renewed for another two years. The line of credit now matures on March 12, 2023. JPAS had no balance outstanding under this line at June 30, 2021 and 2020.

(9) LEASE OBLIGATIONS

During the year ended June 30, 2016, JPAS entered into a lease agreement in the amount of $40,000 for the purchase of its Nutcracker set. This agreement is accounted for as a capital lease. This lease is non-interest bearing and is payable in 5 annual installments. The final payment of $8,000, was paid in the year ended June 30, 2020.

Assets held under capital leases at June 30, 2021 and 2020 are included in property and equipment as follows:

	2021	2020
Property under capital leases	$ 46,955	$ 46,955
Less accumulated amortization (included in accumulated depreciation)	(46,955)	(45,390)
Net property under capital leases	$ -	$ 1,565

(10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2021	2020
Donor restricted endowment funds	$ 57,250	$ 57,250
Lease of office space	25,000	21,782
Restricted endowment investment income	91,388	61,552
	$ 173,638	$ 140,584

The lease of office space represents in-kind revenue which will be earned over the remaining term of the office lease as described in Note 2. Releases from restrictions under this lease were $25,000 and $21,783 for the years ended June 30, 2021 and 2020, respectively.

Net assets were permanently restricted for the formation of an endowment fund. The purpose of the endowment fund is to provide a perpetual source of money to assure the future growth and health of Jefferson Performing Arts Society as stated in Note 11. At June 30, 2021 and 2020, net assets with permanent restrictions totaled $57,250.

(11) ENDOWMENT FUNDS

The Endowments. JPAS' endowment consists of two funds established for a variety of purposes. Its endowment includes restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(11) ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law. The Board of Directors of JPAS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JPAS classifies as restricted net assets (a) the original value of gifts donated to the restricted endowment; (b) the original value of subsequent gifts donated to the restricted endowment; and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund, including earnings on restricted investments, that is not permanently restricted is classified as restricted net assets until those amounts are appropriated for expenditure by JPAS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JPAS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JPAS, (7) and JPAS' investment policies.

Return Objectives and Risk Parameters

JPAS has adopted investment and spending policies for endowment assets that attempt to grow the fund in order to eventually provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. JPAS seeks to build endowment assets through additional contributions.

Spending Policies

JPAS has a policy of appropriating for distribution when needed, from the endowment fund's investment income that is not permanently restricted, and JPAS generally expends the endowment fund's investment income for the programs supported by the endowment. The current spending policy is expected to allow the JPAS' endowment fund to grow as a result of investment returns. This is consistent with JPAS' objectives to provide income for its programs supported by the endowment, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	2021	2020
Donor-restricted funds	$ 148,639	$ 118,803
Board-designated funds	192,522	162,625
Total	$ 341,161	$ 281,428

(11) ENDOWMENT FUNDS (CONTINUED)

Spending Policies (continued)

At June 30, 2021, $44,649 of endowment net assets was held in cash and $296,512 was held in investments. At June 30, 2020, the entire amount of endowment net assets was held in investments.

Changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

	2021	2020
Endowment net assets, beginning of year	$ 281,428	$ 233,606
Net contributions to board-designated funds	-	48,391
Investment income, net of fees	4,064	3,832
Net appreciation (depreciation)	55,669	(4,401)
Endowment net assets, end of year	$ 341,161	$ 281,428

(12) TAX CREDITS

JPAS received the Musical and Theatrical Production Tax credit from the Louisiana Economic Development for the Organization's 40th production season for a total of $144,883 for the year then ended June 30, 2021.

(13) BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the years ended June 30, 2021 and 2020.

(14) CONCENTRATIONS OF CREDIT RISK

JPAS maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On June 30, 2021 and 2020, JPAS had no cash balances in excess of FDIC insured limits. The cash balances, at times, may exceed federally insured limits. JPAS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

JPAS' support through state and local government grants represent 43% and 40% of total support earned for the years ended June 30, 2021 and 2020, respectively.

Nearly all of JPAS's accounts receivable for the years ended June 30, 2021 and June 30, 2020 is derived from state, parish, or city support.

(15) RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) was discovered China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time, which include limitations on JPAS' ability to hold plays and special events. The future effects of these issues are unknown.

(16) SUBSEQUENT EVENTS

As of December 13, 2021, the Organization has been approved of loan forgiveness for the second PPP loan for a total forgiveness amount of $145,635.

As of September 14, 2021, the Organization received a US Small Business Administration grant titled the Shuttered Venue Operators Grant for a total of $492,644. The project period for the grant was September 11, 2021 through December 31, 2021

(17) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, "Leases." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)." Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. JPAS plans to adopt this Update as applicable by the effective date.

(18) RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Schedule "1"

JEFFERSON PERFORMING ARTS SOCIETY
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

	Todd Simmons Executive Director	
Time served	7/1/2020 - 6/30/2021	
Salary	$	150,000
Benefits - insurance (health and dental)		12,558
Total compensation, benefits, and other payments	$	162,558

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Jefferson Performing Arts Society

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 Jefferson Performing Arts Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 May 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Performing Arts Society'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 Jefferson Performing Arts Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jefferson Performing Arts Society'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. We did identify two certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002, that we consider to be material weaknesses.

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2895 Highway 190, Ste 213
Mandeville, LA 70471
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To the Board of Directors of
Jefferson Performing Arts Society
May 25, 2022

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Performing Arts Society'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Jefferson Performing Arts Society's Response to Findings

Jefferson Performing Arts Society's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Jefferson Performing Arts Society'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 Jefferson Performing Arts Society'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 Jefferson Performing Arts Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 25, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

JEFFERSON PERFORMING ARTS SOCIETY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The Auditors' report expresses an unmodified opinion on the financial statements of Jefferson Performing Arts Society.
2. Two material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Jefferson Performing Arts Society were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended June 30, 2021.

SECTION II FINANCIAL STATEMENT FINDINGS

2021-001 RECONCILIATION OF INVESTMENTS

Criteria: In order to conform to generally accepted accounting principles, investment income should be accounted for and recorded at fiscal year end.

Condition: During our audit procedures over investments, we noted investment income was not recorded in JPAS's trial balance.

Effect: A material adjustment was made to appropriately record the unrealized and realized gain, dividends and interest income on JPAS's financial statements.

Cause: JPAS is not performing timely reconciliations of its investment accounts.

Recommendation: Management should adjust its reconciliation procedures to ensure that investment income are appropriately recorded for fiscal year end. JPAS can avoid reconciliation discrepancies of this manner by recording investment income per quarter once the investment statements are received.

Management's Response: JPAS agrees with the finding and will work to implement the recommendation. See Management's Corrective Action Plan for further information.

2021-002 USE OF ACCOUNTS RECEIVABLE LEDGERS

Criteria: In order to conform to generally accepted accounting principles, revenue should be recognized in the accounting system when earned, and expenses should be recognized as incurred.

Condition: During our audit, we noted that JPAS did not adjust its general ledger for receivables owed to it at year end.

Effect: Revenues were understated during the year for interim financial statements and were misstated prior to a correcting audit entry.

Cause: JPAS did not adjust its receivable account at year end.

Recommendation: JPAS should continue to refine its use of the accounts receivable module of JPAS' accounting system to increase the reliability of its reporting. Revenues should be recorded when earned, meaning that receivables should be booked for cooperative endeavor agreements as JPAS' season progresses. As cash is received, the receivable amounts associated with these revenues should be decreased. Revenues and receivables should be reconciled monthly to ensure that appropriate amounts have been recorded in JPAS' accounts.

Management's Response: JPAS agrees with the finding and will work to implement the recommendation. See Management's Corrective Action Plan for further information.

2021-003 Non-Compliance with Louisiana's Financial Reporting Laws

Criteria: The Organization is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end.

Condition: The Organization failed to comply with these laws, submitting the required report approximately 11 months after the required deadline.

Effect: The Organization is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: The Organization did not have the proper procedures in place to ensure compliance with these laws.

Recommendation: The Board of Directors should put policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Management's Response: See Management's Corrective Action Plan for their response.

JEFFERSON PERFORMING ARTS SOCIETY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2020-001 Reconcile Investment Accounts on a Regular Basis

Investment accounts are only reconciled after the entity's fiscal year end and should be done more often.

This issue has not been resolved and has been repeated for the year ended June 30, 2021.

2020-002 Use of Accounts Receivable Ledgers

Accounts receivable is not adjusted to the general ledger at year end.

This issue has not been resolved and has been repeated for the year ended June 30, 2021.

SECTION II MANAGEMENT LETTER

2020-003 Approval of Journal Entries

Our review of controls over journal entries indicated that manual journal entries are not subject to review by another responsible employee.

This issue has been resolved for the year ended June 30, 2021 through the implementation of procedures to limit journal entries and enforce review.

2020-004 Maintenance of Vacation Records

JPAS does not maintain the detailed records necessary for making a precise accrual of compensated absences.

This issue has not been resolved and has been repeated as a management letter item for the year ended June 30, 2021.

2020-005 Improve Payroll Review Procedures

Our review of the controls over the payroll system indicated that employees do not currently have a mechanism through which attendance is tracked.

This issue has been resolved for the year ended June 30, 2021 through the implementation of procedures to track daily attendance and leave of employees.

2020-006 Timeliness of Bank Reconciliation Review

Management has implemented a control wherein the board of director's treasurer reviews bank reconciliations as prepared by accounting staff. Our review of year end, bank reconciliations revealed no evidence of review and approval of JPAS' treasurer.

This issue has not been resolved and has been repeated as a management letter item for the year ended June 30, 2021.

2020-007 Review of Credit Card Expenses

Our review of credit card statements revealed twelve instances where expense reports were not reviewed by management, or such review was not documented

This issue has not been resolved and has been repeated as a management letter item for the year ended June 30, 2021.

2020-008 Off-site Backups

Our review of IT controls revealed that while backups of critical data are occurring on a regular basis, there is no off-site backup of this data. This increases the risk to the Organization's operations by allowing a localized emergency, such as a hurricane, to jeopardize its access to critical systems and data.

This issue has been resolved for the year ended June 30, 2021 through the implementation of off-site storage of critical data.

JEFFERSON PERFORMING ARTS SOCIETY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021

May 25, 2022

Louisiana Legislative Auditor

Jefferson Performing Arts Society, respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, Louisiana 70119
Contact: W. Eric Powers

Audit Period: 7/1/2020 to 6/30/2021

The finding from the June 30, 2021 schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in schedule of findings and responses

SECTION II FINANCIAL STATEMENT FINDINGS

Material Weakness

2021-001 RECONCILIATION OF INVESTMENTS

Recommendation: Management should adjust its reconciliation procedures to ensure that investment income are properly recorded during the fiscal year. JPAS can avoid reconciliation discrepancies of this manner by quarterly record investment income, interest income, dividends, and contributions received during the year at fair value on the in accordance with its financial policies.

Response: JPAS agrees with the finding and will work to implement the recommendation through the appropriate reconciliation of investments and separating of contributions from investment income.

2021-002 USE OF ACCOUNTS RECEIVABLE LEDGERS

Recommendation: JPAS should continue to refine its use of the accounts receivable module of JPAS' accounting system to increase the reliability of its reporting. Revenues should be recorded when earned, meaning that receivables should be booked for cooperative endeavor agreements as JPAS' season progresses. As cash is received, the receivable amounts associated with these revenues should be decreased. Revenues and receivables should be reconciled monthly to ensure that appropriate amounts have been recorded in JPAS' accounts.

Response: Management agrees with the recommendation and will adjust its use of its accounting system to ensure consistent and reliable reporting.

2021-003 Non-Compliance with Louisiana's Financial Reporting Laws

Recommendation: The Board of Directors should put policies and procedures into place to ensure that required annual reports are filed in a timely manner.

Response: Management agrees with the recommendation and will be compliant with its 2022 filing.

If there are any questions regarding this plan, please call the Executive Director, Todd Simmons, at (504) 885-2000.

Sincerely,

Signature	Title