

Shreveport–Bossier Convention and Tourist Bureau

Financial Statements

As of and For the Year Ended December 31, 2020

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Commissioners
Shreveport–Bossier Convention and Tourist Bureau

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Shreveport–Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Shreveport–Bossier Convention and Tourist Bureau's basic financial statements as listed in the table of contents.

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 opinions 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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Shreveport–Bossier Convention and

Tourist Bureau as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

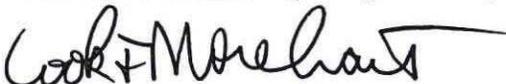
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison information on pages 3–8 and 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shreveport–Bossier Convention and Tourist Bureau's basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of Shreveport–Bossier Convention and Tourist Bureau'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 the Shreveport–Bossier Convention and Tourist Bureau'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 Shreveport–Bossier Convention and Tourist Bureau's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 28, 2021

SHREVEPORT–BOSSIER CONVENTION AND TOURIST BUREAU

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Shreveport–Bossier Convention and Tourist Bureau’s financial performance provides an overview of the Shreveport–Bossier Convention and Tourist Bureau’s financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the Bureau’s financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Shreveport–Bossier Convention and Tourist Bureau’s net position increased by \$25,360 or .45%.

The Shreveport–Bossier Convention and Tourist Bureau’s total general and program revenues were \$4,168,653 in 2020 compared to \$5,765,447 in 2019.

During the year ended December 31, 2020, the Shreveport–Bossier Convention and Tourist Bureau had total expenses, excluding depreciation, of \$4,004,055.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Shreveport–Bossier Convention and Tourist Bureau as a whole and present a longer-term view of the Bureau’s finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Shreveport–Bossier Convention and Tourist Bureau’s operations in more detail than the government–wide statements by providing information about the Shreveport–Bossier Convention and Tourist Bureau’s most significant funds.

Reporting the Shreveport–Bossier Convention and Tourist Bureau as a Whole

Our analysis of the Shreveport–Bossier Convention and Tourist Bureau as a whole begins on page 9. One of the most important questions asked about the Shreveport–Bossier Convention and Tourist Bureau’s finances is “Is the Shreveport–Bossier Convention and Tourist Bureau as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Shreveport–Bossier Convention and Tourist Bureau’s *net position* and changes in them. You can think of the Shreveport–Bossier Convention and Tourist Bureau’s net position – the difference between assets and liabilities – as one way to measure the Shreveport–Bossier Convention and Tourist Bureau’s financial health, or *financial position*. Over time, *increases* or *decreases* in the Shreveport–Bossier Convention and Tourist Bureau’s net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Bureau’s property tax base, to assess the overall health of the Bureau.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau are reported here which consists primarily of personal services, materials and supplies, tourism projects, communications, advertising, travel, repairs and maintenance and other program services. Occupancy taxes finance most of these activities.

Reporting the Bureau’s Most Significant Funds

The Shreveport–Bossier Convention and Tourist Bureau has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Shreveport–Bossier Convention and Tourist Bureau – not the Shreveport–Bossier Convention and Tourist Bureau as a whole. The Shreveport–Bossier Convention and Tourist Bureau’s *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Shreveport–Bossier Convention and Tourist Bureau’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Shreveport–Bossier Convention and Tourist Bureau’s general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Shreveport–Bossier Convention and Tourist Bureau expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE SHREVEPORT–BOSSIER CONVENTION AND TOURIST BUREAU AS A WHOLE

The Shreveport–Bossier Convention and Tourist Bureau’s total net position changed from a year ago, increasing from \$5,559,474 to \$5,584,834.

**Table 1
Net Position**

	Governmental Activities	
	2020	2019
Current and other assets	\$3,867,381	\$ 3,926,828
Capital assets	2,197,537	2,336,775
Total assets	<u>\$6,064,918</u>	<u>\$ 6,263,603</u>
Current liabilities	182,240	273,603
Long-term liabilities	297,844	430,526
Total liabilities	<u>480,084</u>	<u>704,129</u>
Net position:		
Net investment in capital assets	1,899,694	1,906,249
Unrestricted	3,685,140	3,653,225
Total net position	<u>\$5,584,834</u>	<u>\$ 5,559,474</u>

Net position of the Shreveport–Bossier Convention and Tourist Bureau’s governmental activities increased by \$25,360 or .45% for the year ended December 31, 2020 and decreased by \$40,904 or .73% for the year ended December 31, 2019.

Table 2
Change in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Intergovernmental grants - contributions	\$ 22,000	\$ 49,760
Events income	98,924	512,527
General revenue		
Occupancy tax	4,036,194	5,189,071
Miscellaneous revenues	6,600	6,692
Interest income	4,935	7,397
Total revenues	4,168,653	5,765,447
Expenses		
Convention/Tourism	861,342	1,122,926
Sports and major events	1,169,715	2,128,831
Communications	1,373,529	1,901,022
Administrative	719,904	632,443
Interest on long-term debt	18,803	21,129
Total expenses	4,143,293	5,806,351
 Increase (decrease) in net position	 \$ 25,360	 \$ (40,904)

Total revenues decreased \$1,596,794 (27.69%) from total revenues in the year ended December 31, 2019 of \$5,765,447 to total revenues of \$4,168,653 in the year ended December 31, 2020.

The decrease was primarily the results of decreases in the occupancy taxes and events income due to the COVID pandemic.

THE BUREAU'S FUNDS

As the Bureau completed the year ended December 31, 2020, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$3,640,080, which is more than last year's fund balance of \$3,606,062.

General Fund Budgetary Highlights

The Bureau adopted a budget for its General Fund for the year ended December 31, 2020. There was one amendment to the budget during the year. The Bureau's budgetary comparison is presented as required supplementary information and shown on page 25.

Highlights for the year are as follows:

- Revenues – occupational taxes received were less than budgeted amounts by \$100,267.
- Expenditures were \$73,325 less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2020, the Shreveport–Bossier Convention and Tourist Bureau had invested \$2,197,537 in capital assets compared to \$2,336,775 at December 31, 2019. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 339,000	\$ 339,000
Buildings and improvements	1,785,613	1,857,686
Equipment	11,270	49,268
Vehicles	61,654	90,821
Total assets	<u>\$2,197,537</u>	<u>\$2,336,775</u>

There were no additions to capital assets for 2020. The additions to capital assets for 2019 were for the purchase of one vehicle for \$41,212 and a new security system for \$34,412. More detailed information about the capital assets are presented in Note 3 to the financial statements.

Debt Administration

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Capital Lease	\$ 27,844	\$ 35,526
Revenue bonds	<u>270,000</u>	<u>395,000</u>
	<u>\$ 297,844</u>	<u>\$ 430,526</u>

More detail information about the debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Shreveport–Bossier Convention and Tourist Bureau’s management considered many factors when setting a fiscal year December 31, 2021 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2020. It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available resources.

CONTACTING THE BUREAU’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Shreveport–Bossier Convention and Tourist Bureau and to show the Shreveport–Bossier Convention and Tourist Bureau’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the President at P.O. Box 1761, Shreveport, Louisiana, 71166.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,576,822
Accounts receivable - occupancy tax	244,270
Accounts receivable - other	239
Prepaid expenses	46,050
Land	339,000
Capital assets (net)	1,858,537
Total assets	6,064,918
LIABILITIES	
Accounts payable	130,831
Accrued expenses	51,409
Long-term liabilities	
Due within one year	138,083
Due in more than one year	159,761
Total liabilities	480,084
NET POSITION	
Net investment in capital assets	1,899,693
Unrestricted	3,685,141
Total net position	\$ 5,584,834

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Activities
For the Year Ended December 31, 2020

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Functions / Programs:</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
Convention/Tourism	\$ 861,342	\$ 22,000	\$ (839,342)
Sports and major events	1,169,715	98,924	(1,070,791)
Communication	1,373,529		(1,373,529)
Administrative	719,904		(719,904)
Interest on long-term debt	18,803		(18,803)
Total governmental activities	<u>4,143,293</u>	<u>120,924</u>	<u>(4,022,369)</u>
General revenues:			
Occupancy taxes			4,036,194
Interest income			4,935
Miscellaneous			6,600
Total general revenues			<u>4,047,729</u>
Change in net position			25,360
Net position - beginning			5,559,474
Net position - ending			<u>\$ 5,584,834</u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
 Balance Sheet
 Governmental Fund
 December 31, 2020

	General Fund
Assets	
Cash	\$ 3,576,822
Account receivable - occupancy tax	244,270
Account receivable - other	239
Total assets	\$ 3,821,331
Liabilities	
Accounts payable	\$ 130,831
Accrued expenses	50,420
Total liabilities	181,251
Fund balance	
Committed	222,442
Assigned	2,279,710
Unassigned	1,137,928
Total fund balance	3,640,080

Amounts reported for governmental activities in the statement of net position are different because:

The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.	46,050
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	(298,833)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	2,197,537
Net position of governmental activities	\$ 5,584,834

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2020

	General Fund
Revenues	
Occupancy taxes	\$ 4,036,194
Intergovernmental revenues	22,000
Events income	98,924
Other income	6,600
Interest income	4,935
Total revenues	4,168,653
Expenditures	
Current	
Convention/Tourism	826,533
Sports and major events	1,134,905
Communication	1,338,720
Administrative and general	682,534
Debt service:	
Principal	132,682
Interest	19,261
Total expenditures	4,134,635
Net change in fund balance	34,018
Fund balance at beginning of year	3,606,062
Fund balance at end of year	\$ 3,640,080

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2020

Net change in fund balances - total governmental fund	\$	34,018
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$139,238 exceeded capital outlay \$0 in the current period.</p>		(139,238)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction has any effect on net position.</p> <p style="padding-left: 40px;">Principal payments on long-term debt</p>		132,682
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources</p>		(2,561)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net position.</p>		459
		459
Change in net position of governmental activities	\$	25,360

The accompanying notes are an integral part of this statement.

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020

INTRODUCTION

The Shreveport–Bossier Convention and Tourist Commission was created by and in accordance with the provisions of Act 19, State of Louisiana 1970 and has been amended several times since. In 1995 the original Commission was replaced by a new Commission which is a political subdivision of the State of Louisiana (LSA–R.S. 33:4574). The Commission voted to operate as a public agency effective January 1, 2001, and to continue to operate under the name of Shreveport–Bossier Convention and Tourist Bureau (the Bureau).

The Bureau was created to promote the convention and visitor industry of the Shreveport–Bossier metropolitan area to the greatest possible extent, using the proceeds of an occupancy tax derived from a three percent tax levied upon the occupancy of hotel rooms, motel rooms and overnight camping facilities within the jurisdiction of the Commission and revenue from other sources as may be arranged by The Bureau. The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission. Board members receive no compensation for their services.

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Bureau have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Shreveport–Bossier Convention and Tourist Bureau are discussed below.

B. Reporting Entity

State law states that the Bureau shall be a body politic and political subdivision of the State of Louisiana.

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission.

For these reasons, the Bureau is considered a separate local public entity and is not considered a component of any parish or other local government.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

C. Basic Financial Statements – Government-Wide Statements

The Shreveport–Bossier Convention and Tourist Bureau's basic financial statements include both government-wide (reporting the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as a whole) and fund financial statements (reporting the Shreveport–Bossier Convention and Tourist Bureau's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Shreveport–Bossier Convention and Tourist Bureau's general fund is classified as governmental activities. The Shreveport–Bossier Convention and Tourist Bureau does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Shreveport–Bossier Convention and Tourist Bureau's net position is reported in two parts – net investment in capital assets net of related debt and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Shreveport–Bossier Convention and Tourist Bureau's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the Bureau consist of contributions, operating grants, and sponsorships of events from other governments and businesses. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Shreveport–Bossier Convention and Tourist Bureau as an entity and the change in the Shreveport–Bossier Convention and Tourist Bureau's net assets resulting from the current year's activities.

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Shreveport–Bossier Convention and Tourist Bureau are recorded in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The fund is reported by generic classification within the financial statements.

The following fund type is used by the Shreveport–Bossier Convention and Tourist Bureau:

Governmental Fund – the focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Shreveport–Bossier Convention and Tourist Bureau:

- a. The general fund is the general operating fund of the Shreveport–Bossier Convention and Tourist Bureau. It is used to account for all financial resources.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Bureau's general fund was determined to be a major fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental fund in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Shreveport–Bossier Convention and Tourist Bureau consist principally of occupancy taxes levied upon occupancy of hotel rooms, motel rooms, and overnight camping facilities, other intergovernmental revenues, and interest income. Occupancy taxes are recognized in the period in which the underlying exchange has taken place. Interest income is recorded when earned. Intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

F. Budgets

The Bureau uses the following budget practices:

- (1) Bureau Management prepares a proposed budget and submits it to the Board of Commissioners for approval.
- (2) After completion of all action necessary to finalize and implement the budget, the budget is adopted at least fifteen days prior to the commencement of the fiscal year for which the budget is being adopted.
- (3) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. Budgetary amendments require approval of the Board of Commissioners.
- (4) All budgetary appropriations lapse at the end of each fiscal year.
- (5) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and investments, if any, with original maturities of 90 days or less. Under state law, the Bureau may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more for equipment and \$10,000 for improvements are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	7 – 30 years
Furniture and fixtures	5 – 10 years
Equipment	3 – 10 years
Vehicles	4 – 7 years

I. Compensated Absences

The Bureau has the following policy relating to vacation leave:

Employees of the Bureau earn vacation leave each year. The Bureau allows 40 hours of vacation leave to carry forward to the next year. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the various funds when leave is actually earned.

J. Occupancy Tax Revenue

Occupancy tax revenue represents a three percent tax levied by the Shreveport–Bossier Convention and Tourist Commission upon the occupancy of hotel room, motel rooms, and overnight camping facilities within Caddo and Bossier Parishes. Occupancy tax revenues (and related receivables) are considered derived tax revenues to be recognized when the underlying exchange takes place, i.e. when the facilities are rented.

During 1999, the Shreveport–Bossier Convention and Tourist Commission levied an additional 1.5 percent tax. Three fourths of one percent of the new tax is dedicated for capital improvements, repairs, and maintenance of Independence Stadium and the remaining three fourths of one percent

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

is to be used for the same purposes for which monies from the fund created by R.S. 47:302.3 are used. This additional 1.5 percent tax is collected by the tax collecting agencies in Caddo and Bossier Parishes and sent directly to the City of Shreveport and the City of Bossier City. The additional 1.5 tax is not reflected in the financial statements of The Bureau.

During 2015, the Shreveport-Bossier Convention and Tourist Bureau levied an additional 1.5 percent tax, beginning December 7, 2015 and ending June 30, 2027. Fifty-percent of one cent shall be used to support the Shreveport-Bossier Sports Commission, a division of the Bureau. Fifty-percent of one cent shall be used to support the Independence Bowl Foundation. Fifty-percent of one cent shall be used to support the Ark-La-Tex Regional Air Service Alliance. This additional 1.5 percent tax is collected by the tax collecting agencies in Caddo and Bossier Parishes and sent directly to the three organizations. The fifty-percent of one cent for both the Independence Bowl Foundation and the Ark-La-Tex Regional Air Service Alliance is not reflected in the financial statements of the Bureau.

K. Use of Estimates

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

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the Bureau's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Bureau's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

M. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are reported as prepaid expenses in the government-wide financial statements.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Board of Commissioners (the Bureau's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the Bureau's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Bureau's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Bureau's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Bureau has no transactions that meet the definition of deferred outflows of resources.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

The Bureau's governmental activities and governmental fund will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Bureau has no transactions that meet the definition of deferred inflows of resources.

(2) Cash and Cash Equivalents

At December 31, 2020, the Bureau has cash and cash equivalents (book balances) totaling \$3,576,822 in interest bearing demand deposits and money market accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2020, the Bureau's collected bank balances were secured from credit risk by \$250,000 of federal deposit insurance. The remaining \$3,401,917 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department not in the Bureau's name.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Bureau that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

(3) Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at Jan. 1, 2020	Additions	Deletions	Balance at Dec. 31, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 339,000	\$	\$	\$ 339,000
Capital assets, being depreciated:				
Buildings and improvements	3,085,884			3,085,884
Furniture and fixtures	80,066			80,066
Equipment	75,297			75,297
Vehicles	150,926			150,926
Total capital assets, being depreciated at historical cost	<u>3,392,173</u>			<u>3,392,173</u>
Less accumulated depreciation:				
Buildings and improvements	(1,228,198)	(97,309)		(1,325,507)
Furniture and fixtures	(47,948)	(6,882)		(54,830)
Equipment	(58,147)	(5,880)		(64,027)
Vehicles	(60,105)	(29,167)		(89,272)
Total accumulated depreciation	<u>(1,394,398)</u>	<u>(139,238)</u>		<u>(1,533,636)</u>
Total capital assets, being depreciated, net	<u>1,997,775</u>	<u>(139,238)</u>		<u>1,858,537</u>
Governmental activities capital assets, net	<u>\$ 2,336,775</u>	<u>\$ (139,238)</u>	<u>\$</u>	<u>\$ 2,197,537</u>

Depreciation expense for the year ended December 31, 2020, was \$139,238. Depreciation expense was charged to the following governmental activities:

Convention/Tourism	\$ 34,809
Sports and major events	34,810
Communications	34,809
Administrative	34,810
	<u>\$ 139,238</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

(4) Pension Retirement Plan

The Bureau provides a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code and a Governmental 401(a) Money Purchase Plan. The Bureau's Plan does not meet the criteria established under GASB, therefore, the plan's assets and liabilities are not presented in the financial statements of the Bureau. The Bureau matches and contributes up to 10% of employee's compensation to the plan. The Bureau's contribution to the Plan for the year ended December 31, 2020 was \$91,607.

(5) Risk Management

The Bureau purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(6) Lease Commitments

At December 31, 2020, the Bureau had non-cancelable operating leases for various equipment.

Minimum annual commitments under non-cancelable leases are as follows:

2021		\$ 1,969
		<u>\$ 1,969</u>

Total rental expenditures under operating leases for the year ended December 31, 2020, was \$5,455.

(7) Fund Balance Classifications

The constraints on fund balances as listed in aggregate are composed of the following:

Fund balances:		
Committed		
Marketing	\$	222,442
Assigned		
Subsequent tourism operations		1,000,000
Retirement of long-term debt		270,000
Future sporting events		709,710
Special events		200,000
Capital projects		100,000
Unassigned		<u>1,137,928</u>
		<u>\$ 3,640,080</u>

(8) Contingencies

At December 31, 2020, the Bureau is involved in one lawsuit. The potential loss or outcome is not presently determinable.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

(9) Subsequent Events

Subsequent events have been evaluated through June 28, 2021, the date the financial statements were available to be issued.

During January and April of 2021, the Bureau received loan proceeds totaling \$721,037 under the Paycheck Protection Program ("PPP") of the U.S. Small Business Administration. The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Bureau intends to use the proceeds for purposes consistent with the PPP.

On February 1, 2021, the Bureau ordered a vehicle with a cost of \$29,165. Also, on April 1, 2021 the Bureau signed an agreement-contract for approximately \$30,865 for building repairs.

(10) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(11) Long-Term Debt

The Bureau's long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due within One Year</u>
Bonds payable	\$ 395,000	\$	\$ (125,000)	\$ 270,000	\$ 130,000
Capital lease - vehicle	<u>35,526</u>		<u>(7,682)</u>	<u>27,844</u>	<u>8,083</u>
	<u>\$ 430,526</u>	<u>\$</u>	<u>\$ (132,682)</u>	<u>\$ 297,844</u>	<u>\$ 138,083</u>

Revenue bonds, Series 2011, dated August 15, 2007, for construction, improvement of facilities. Payments on the debt are made semi-annually with annual debt service over 15 years of \$138,000 to \$146,000 through June, 2022. Interest rate on the bonds is 4.4%. Repayment of debt will be from the excess of annual revenues. The revenue bonds are considered direct borrowings and direct placement debt.

\$ 270,000

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2020
(Continued)

Annual requirements to retire long-term debt are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 130,000	\$ 9,020	\$ 139,020
2022	140,000	3,080	143,080
	<u>\$ 270,000</u>	<u>\$ 12,100</u>	<u>\$ 282,100</u>

Interest expense in the statement of activities for the year ended December 31, 2020 on the bonds payable was \$17,172.

Capital Lease - Equipment

During 2019, the Bureau entered into a capital lease agreement to purchase a vehicle. The lease agreement qualifies as a capital lease for accounting purposes. The vehicle is included in capital assets at a cost of \$41,212, with accumulated depreciation totaling \$18,030, for a net book value of \$23,182 as of December 31, 2020. Depreciation expense for 2020 was \$10,303. Interest has been imputed at a rate of 5.09%, and the Bureau will make monthly payments through March 2024. The debt will be repaid from funds legally available for such purposes by the Bureau. The lessor has been granted a security interest in the equipment.

Future minimum lease obligation and the net present value of minimum lease payments as of December 31, 2020 were as follows:

Year Ending December 31,	
2021	\$ 9,313
2022	9,313
2023	9,314
2024	<u>2,329</u>
Total minimum lease payments	\$ 30,269
Less amounts representing interest	<u>(2,425)</u>
Present value of future minimum lease payments	<u>\$ 27,844</u>

Interest expense in the statement of activities for the year ended December 31, 2020 on the capital lease was \$1,631.

(12) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2020, was \$130,831 which consisted of regular trade payables.

Accrued expenses at December 31, 2020 consisted of the following:

Compensated absences	\$ 29,873
Accrued payroll	<u>20,547</u>
Total fund statements	50,420
Accrued interest payable	<u>989</u>
Total government-wide financial statements	<u>\$ 51,409</u>

Shreveport - Bossier Convention and Tourist Bureau
Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive(Negative)
Revenues				
Occupancy taxes	\$ 5,321,785	\$ 4,136,461	\$ 4,036,194	\$ (100,267)
Intergovernmental revenues	167,500	62,750	22,000	(40,750)
Other income	322,600	86,135	105,524	19,389
Interest income	2,920	5,120	4,935	(185)
Total revenues	5,814,805	4,290,466	4,168,653	(121,813)
Expenditures				
Current:				
Convention/Tourism	1,083,708	785,359	826,533	(41,174)
Communication	1,724,205	1,166,984	1,338,720	(171,736)
Administrative and general	694,022	697,107	682,534	14,573
Sports and major events	2,060,942	1,418,630	1,134,905	283,725
Debt service	140,440	139,880	151,943	(12,063)
Total expenditures	5,703,317	4,207,960	4,134,635	73,325
Net change in fund balance	111,488	82,506	34,018	(48,488)
Fund balance at beginning of year	3,606,062	3,606,062	3,606,062	
Fund balance at end of year	\$ 3,717,550	\$ 3,688,568	\$ 3,640,080	\$ (48,488)

Shreveport - Bossier Convention and Tourist Bureau
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head : Stacy A. Brown, CEO

PURPOSE	AMOUNT
Salary	\$ 172,168
Benefits - insurance	35,680
Benefits - retirement	17,373
Travel for Bureau business and trade shows	3,148
Travel for education and other	2,898
Other	767

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

To the Board of Commissioners
Shreveport-Bossier Convention and Tourist Bureau

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Shreveport-Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Shreveport-Bossier Convention and Tourist Bureau's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport–Bossier Convention and Tourist Bureau’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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 28, 2021

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule Audit Findings
December 31, 2020

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2019.

Summary Schedule of Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2020.